EC TRADE

Fair practice, not protectionism

No.30,699

Monday November 21 1988

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World News Fears grow of US-EC trade war over beef

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FEARS that a full-scale transatlantic trade war would erupt in the New Year grew after weekend talks between the European Community and the US apparently failed to narrow differences over the simmering dispute on hor-

mone-treated beef. Clayton Yeutter, US Trade Clayton Yeutter, US Trade Representative, and Richard Lyng, US Agriculture Secre-tary, made clear at a briefing in Brussels on Saturday that Washington would "retaliate accordingly" if the EC pro-ceeded with its promised ban on \$150m of treated beef from January 1. Page 2. January 1. Page 2

Protests in Kosovo Ethnic Albanians in Kosovo province say they will take to the streets again within days unless their demands for reinstatement of Albanian leaders sacked by Serbs are

West Bank clashes A 22-year-old Palestinian was shot dead and eight others hurt by army troops in the Israeli-occupied West Bank and Gaza Strip. Three of the wounded were shot and five injured during an army raid in the village of Madama.

Suicide denied

Allegations that Christina Onassis, 37-year-old daughter of Greek shipping tycoon Aris-totle Onassis, killed herself were rejected by the vice-presi-dent of the family foundation which managed her immense wealth. A judge in Argentina where she died called her death questionable and ordered

Afghanistan call

Soviet leader Mikhail Gorbachev and Indian Prime Minis-ter Rajiv Gandhi jointly asked the UN to help establish a broadly based government in Afghanistan. They said a UN supported international confer-ence may be needed for this. purcose Page 2

Cypriot leaders talk Turkish Cypriot leader Rauf Denktash arrived in New York for resumed UN-sponsored peace talks with Greek Cypriot leader George Vassilion.

Sri Lanka elections A former Tamil guerrilla group

captured eight seats and a Mos-lem party won three in elections for provincial council seats in eastern Sri Lanka, showing a sharp rebuff of the predominantly Sinhalese party which controls the national

Oil espionage

Statoil, Norway's state oil firm, said that police would investigate an espionage ring trying to sell secret information in the multi-billion dollar oil

Afghan aircraft shot Pakistan shot down an intrud-ing Afghan aircraft, killing all on board, the Pakistani Defence Ministry said. It did not specify the number killed or the type of aircraft.

Poland rallies

Polish police detained more than 20 people after marches and rallies in support of the banned union Solidarity. The protests came after Lech Wala and interior Minister General Czeslaw Kiszczak failed to agree on holding round-table talks on national reconciliation. Page 2

Moscow mourning About 300 people gathered in sub-zero temperature in a Moscow cemetery to hold a memorial service for victims of the Stalin regime. Page 2

Colombian toli Political or drug-motivated violence has claimed 3,600 lives in Colombia this year, official

statistics showed. Cannabis haul

Three Dutchmen and an American woman have been charged with importing cannabis after a tonne was seized by customs at Poole in England.

Ancient city found A British archaeological expedition has found the remains of an ancient Assyrian city in the Jazira region near the Syrian border:

Business Summary **Austria** wins telecoms deal with Hungary

AUSTRIAN companies are supplying Hungary with advanced Western telecommunications equipment under the first major deal signed since the West's embargo on deliveries of digital telephone exchanges to the Soviet bloc was lifted in September.

EUROPEAN Monetary System Trading remained nervous among EMS currencies last week, but the dollar's recovery, after central bank intervention removed pressure on the weaker currencies.

The Bank of France left its

money market intervention rate unchanged, while the Bel-gian central bank cut its discount rate to 714 per cent.



ECU Day Parity Position

The chart shows the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross-rates from which no currency (except the lira) may move by more than 214 per cent. The lower chart gives each currency's divergence from the "central rate" against the European Currency Unit (Ecu), itself derived from a bas-ket of European currencies, Currencies, Page 42

MINORCO, South African-controlled investment company. arred Bill Brown, chief exe utive of Consolidated Gold Fields' wholly owned US sub-sidiary, Gold Fields Mining Corporation, that he would not be fired should Minorco gain control of Gold Fields.

SUNTORY, Japanese beverages producer with which Allied-Lyons of the UK last month formed a shareholding and marketing alliance, has shown an 83.3 per cent drop in interim pre-tax profits to Y8.14bn (\$60m). Page 28

TOKYO: The Tokyo stock exchange was closed for its half-day session on Saturday. World stock markets, Page 43.

JAPANESE industry official called for a greater acceptance of hostile corporate takeovers in the domestic market, suggesting that the country's taboo on unsolicited bids might be hampering economic effi-ciency. Page 3

PECHINEY, French nationalised aluminium group, was widely tipped to be on the verge of announcing a US acquisition to expand its packaging operations. Page 28

COMPAGNIE DU MIDI, French diversified insurance group, has offered to help resolve the deadlock in the controversial stock market raid launched by Georges Pebereau, former chairman of the French Compagnie Générale d'Electricité (CGE) group, against Société Générale, France's leading pri-vatised commercial bank.

Page 28 MITSUI OCEAN Development and Engineering, Japan's larg-est oil.rig and marine projects specialist, is to cease business at the end of the year because of mounting losses and a decline in offshore energy exploration. Page 28

INRAELI Treasury has launched a fresh, \$2.25bn package of bond issues in the US market, recycling a large chunk of the country's foreign military sales debt to the US Government at lower interest

BANK OF ISRAEL is urging an early devaluation of the shekel, possibly by as much as 15 per cent, to counter a surge of bad news for the econ-

THIS WEEK: UK trade figures for October will overshadow European financial markets this week with analysis fearful that another big deficit could undermine confidence in ster-

Pakistan leader calls talks on poll results

By Christina Lamb in Islamabad

MR Ghulam Ishaq Khan, the acting president of Pakistan, has invited the leaders of Pakistan's two largest political parties to meet him separately azir Bhutto's Pakistan People's tomorrow to discuss last week's general election results, in which no party secured an absolute majority in the National Assembly.

Mr Wasim Saijad, the Justice Minister, said the acting president would see them separately for questions relations.

rately "on questions relating to the formation of the future government."

Party and the Muslim League, the main component of the Islamic Democratic Alliance led by Mr Nawaz Sharif. Under this proposal Ms Bhutto would be Prime Minister and Mr Sharif her deputy. Ms Bhutto and her party are

for the PPP, which emerged from Wednesday's general elec-

tions as clearly the largest party but without an absolute Staff, has already hinted at such a solution in a statement which renewed anxiety about the military's intervention in parliamentary majority.
In the provincial elections politics. He advised political the party again swept the leaders of the need to lay the foundations of a broad-based southern province of Sind, but found itself in a minority in

the other provinces. The most Ms Bhutto's chances of becoming Pakistan's next important result was in Pun-jab, Pakistan's largest and most influential province, where the Islamic Democratic Aliance won a majority. In both Balnchistan and the North West Frontier Province prime minister outside a national coalition diminished following her Pakistan People's Party failure to win a majority in three of the country's four provinces in Saturday's provincial elections

Ms Bhntto has written to the acting President, claiming the support of enough independents to form a majority in the

MINISTERS from the

Organisation of Petroleum Exporting Countries last night appeared hopelessly dead-locked over the critical issue of bringing Iraq back into the

Opec quota, as they prepared for this morning's conference. Mr Gholamreza Aghazadeh,

the Iranian oil minister last

night again firmly rejected any formula that would give Iraq a

production quota equal to that of Iran and said he would never concede this point. He

said that be had been given

full negotiating authority and would have no need to consult

with the Tehran government

before the meeting. Both Iran and Iraq now appear to have rejected all proposed compro-mise formulas for a new agree-

Dr Subroto, Opec Secretary General, served notice at the weekend that the early meet-ings had failed to reach accord

and that the ministerial confer-

ence may break up without reaching a new production agreement. "There is a good chance an understanding can

be reached, but we have to be

realistic enough that very likely we need some consulta-

tions with our governments,"

Failure to reach agreement

would leave Opec members

free to lift production when the current, much violated, agree-

ment expires at the end of the

year. Oil analysts expect this would quickly push oil prices down to single digits. Mr Aghazadeh has argued strennously against the logic of succumb-

ing to Iraqi pressure for an

equal quota and has said that

General Assembly, and asking him to let her form a govern-ment. However, the IDA also claims that it can muster a majority.

Political analysts in Pakistan estimate that with the non-co-

operation of the Senate and three provinces, notably Pun-jab, Ms Bhutto would be a "lame duck" prime minister, unable to pass legislation or keep her party together However, a central govern-ment formed by the IDA would be on even sbakier ground,

quota assignments must be based on principles that apply to all members. Iraq has for

two years refused to accept

any quota less than Iran's
While Mr Aghazadeh's arguments have won broad sympathy among Opec delegates,
most Opec members simply
want to reach any deal, Iran

has been intransigent, while the political situation in Iran

is seen as fluid, thus offering

possibilities for compromise. Iraq is understood to have

rejected out of hand proposals

that it accept a lower quota than Iran, with the difference

being made up from Neutral Zone production, which is con-trolled by Saudi Arabia and Kuwait. Mr Aghazadeh last

After failing to obtain flexi-hility from Iraq, the Opec min-isters have been trying to for-mulate a package that includes quota parity hut that would still be politically palatable in

Tehran. This is understood to include three elements:

• A reduction in Iraqi output

A biriding Iraqi commitment not to exceed its quota even

when its production capacity

of 18.5m b/d, which is lower

than the ceiling sought by many Opec members.

hawk and favours lower pro-duction. The negotiations have

put the Iranian minister in the difficult position of having either to accept the political

Iran is traditionally a price

rises to 4m b/d next year;

• An Opec production ce

night rejected this.

to equal that of Iran;

hampered by a popular perception that the party was not the true election victor.

Opec deadlocked

as Iran rejects

quota proposal

Canadians go to polls with Tories cheered by late swing

By David Owen in Montreal and Andrew Marshall in Toronto

CANADA goes to the poils today after a 50-day general slection campaign, widely seen as one of the most volatile in

its history.

Prime Minister Brian Mulroney is seeking to become the first Conservative in more than 100 years to be returned to Ott-awa with a second consecutive majority. He is opposed by Mr John Turner's revitalised Lib-erals and the left-of-centre New Democratic Party (NDP) under

Mr Ed Broadbent.
At stake is Mr Mulroney's still unratified free trade agreement with the US. The deal is to go into effect on January 1.
The agreement, which would eliminate virtually all remaining tariffs between the two countries over 10 years, has been the dominant theme throughout the campaign. It is bitterly denounced by both main opposition parties, which claim it could jeopardise Can-ada's social programmes and regional development subsidies, and that it impinges on Canadian sovereignty to an

unacceptable degree.
The Conservatives have been eocouraged by the findings of the three latest opinion polls all published over the week end - which indicate that the campaign may again be swinging their way after the remark able mid-cootest Liberal revival

Gallup gave the Tories a five-point lead with the support of 40 per cent of decided voters, against 35 per cent for the Lib-erals and 22 per cent for the NDP. Less than a week ago, the organisation had showed the Conservatives and Liberals tied at 35 per cent, 10 points ahead of the NDP.

Angus Reid put Tory support at 41 per cent, against 33 per cent for the Liberals and 23 per cent for the NDP. Insight Canada Research pegged the Tory vote 2 points higher at 43 per cent, with the Liberals scoring 32 per cent and the NDP just 20 per cent. The Conservatives appear to

have benefited from Mr Mulroney's recent attempts to direct the electorate's attention sway from free trade to leadership in

with 11 to 15 per cent of vot-ers still undecided, the possibil-lty of a further shift even at this late stage should not be Continued on Page 22

humiliation of quota parity with Iraq or return to Tehran amid collapsing oil prices. Liberals take aim, Page 2

Ms Shutto and her party are thought unlikely to accept such an idea, having suffered grievously during the Muslim League's rule under General Zia ul-Haq's 11 years of military dictatorship. But General Aslam Beg, the Army Chief of He will hear both sides claim to be able to form the next government. It is not clear whether he will also discuss Egyptian support for Palestinian state may

strain Israeli relations

By Tony Walker in Cairo and Andrew Whitley in Jarusalam

EGYPT yesterday formally Palestinian state declared by the Palestine National Council last week in a move which could have serious conse-quences for its 10-year-old Camp: David accords with

A statement carried by the official Middle East News Agency said: "Egypt confirmed its recognition of the indepen-dent Palestinian state as stipulated. . , in the political statement issued by the PNC in The statement, revising an initial Egyptian position which stopped short of full recogni-

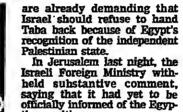
tion of the symbolic state, marked a further setback to

Israel's campaign to counter the Palestine Liberation Organthe Palestine Liberation Organ-isation's political initiative and should clear the way for a visit to Cairo this week by Mr Yas-sir Arafat, PLO chairman. The move seems certain to complicate Egyptian Israeli relations amid continuing efforts to form an Israeli coali-tion Convenment under Mr Vittion Government under Mr Yit-zhak Shamir, the Likud leader. It may also have ramifications for the delicate issue of Taba, a tiny Red Sea enclave in dispute between Israel and Egypt. The



Yitzhak Shamir

resume talks this month on implementing the decision of an international tribunal earlier this year returning most of the area to Egyptian control. The Taba beach resort, which Israel retained when it handed the rest of the Smal back to Egypt following ths



tian position.

But Israeli politicians have been warning Cairo against recognition for several days, and Mr Shimon Shamir, the Israeli ambassador in Cairo, had only yesterday presented Israel's objections to the Palestinian independence declaration to Mr Fernat Abdal Motion to Mr Esmat Abdel-Meguid, the Egyptian Foreign Minister. Mr Vitzhak Rabin, Israel's Defence Minister, said last week that such a step would contravena the Camp David accords of 1978 which

peace treaty.
Mr Yitzhak Shamir, the Prime Minister, insists that the autonomy procedure laid out in the US-brokered agreements should remain the starting point for future talks with Jordan and the Palestinians.

led to the 1979 Egyptian-Israeli

been a source of friction between the two countries.
Right-wing politicians in Israel

Burger King plan opposed

By Deborah Hargreaves in Chicago

BURGER KING franchisees yesterday voiced strong opposi-tion to the way parent com-pany, Pillsbury, plans to spin off the unit in an effort to fend off a \$5.23bn takeover bid from the UK's Grand-Metropolitan

In a letter to Pillsbury man-

agement, a national group of franchisees spelled out their concern over the debt burden the spin-off would foist on Bur-

The current plan would place "the economic interests of franchisees in jeopardy," the letter said, "because it so restricts the ability of Burger King to engage in future growth and reinvestment."

The letter came at the end of "but it is almost impossible for us to evaluate the hid as we don't know if they would assign any debt to Burger King."

The 1,200 Burger King franchisess want independence without debt, Mr Pothitos

a week-long meeting of franchi-sees in which they also met senior Grand-Met executives. However, Mr Bill Pothitos, nresident of the franchisee group, stressed yesterday that the objection to Pillsbury's plans does not mean an endorsement of Grand-Met's

"We had a very cordial meet-ing with Grand-Met people in which they stressed invest-ment and growth," be said,

insists - meaning they do not necessarily oppose a differently structured spin-off. The group could have recourse to a court injunction to hold up ths spin-off procedure, Mr Pothitos believes, but no decision has yet been taken on court action. Franchisees could put fur-ther pressure on Pillsbury by withholding royalty payments of some 4 per cent of annual sales. But any move to do so would be likely to be taken at a

regional level, he continued. Franchisees are worried that if Burger King is loaded with some \$1bn in debt as a result of the spin-off – which involves the payment of a special divi-dend – the unit would be Continued on Page 22

RJR studies three offers

By Janet Bush in Naw York

A SPECIAL committee of RJR bisco board members met in New York yesterday morning to evaluate three bids for the US food group. A special meeting of the full board was scheduled for yesterday afternoon.

A third bid was submitted late on Friday night by a group including First Boston, the Wall Street investment bank, and the Pritzkers, a Chicago business family which owns the Hyatt hotel chain. The group claimed that its offer

was worth more than \$100 a share, giving its bid a total value of more than \$22.7bn. This group has yet to find firm financing, however, and needs to look at RJR Nahisco'a records, something which the other two bidders for the food company have already done. Lawyers for the two key bidding groups led by Mr Ross Johnson, RJR Nabisco's chief executive, and by Kohlberg, Kravis, Roberts, the New York

delivered weighty bid documents close to the 5pm dead-line last Friday. These bids are reported to be worth more than \$92 a share each, valuing RJR Nahisco at \$20.9hn, which would make either the largest corporate deal in history. The special RJR Nahisco

committee called in the management group and KKR on Saturday for meetings designed to clarify the two highly complex bids. leveraged buy-ont specialist, A hid too far, Page 20

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Peter Wallsnberg, head of the Swedish banking and industrial dynasty, strongly believes that industry must solvé its own problems. "I don't pelieve one should run to the government at the drop of a hat."

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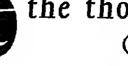
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grow as hormone issue unresolved

By Tim Dickson and David Buchan in Brussels

FEARS that a full-scale transatlantic trada war would erupt in the New Year were growing last night after weekend talks between the European Community and the US seemed to have failed to narrow differences ovar the simmering dispoute on hormones.

Mr Clayton Yeutter, US
Trade Representative, and Mr
Richard Lyng. US Agriculture Trade Representative, and Mr Richard Lyng, US Agriculture Secretary, made clear at a briefing in Brussels on Satur-day that Washington would "retaliate accordingly" if the Community went ahead with its promised ban on \$150m of hormone-treated beef from Jan-

uary I.

US action, they said, would certainly involve the exclusion of up to \$100m of European food and beverage products, and Mr Lyng indicated that the and Mr Lyng indicated that the US might also invoke a section of the new trade act to keep out up to \$450m of EC meat.

The war of words was continued at a news conference given by Mr Willy de Clercq, EC External Relations Commissioner, who asserted that the EC's embargo "can't be the EC's embargo "can't be modified and shall not be modi-

fied."

He was not optimistic that the US could accept a new "political compromise", which he said had been explored during the talks. "They did not welcome it, they did not reject it." be explained, adding that Washington would give a definitive response by tomorrow at the latest.

If the answer were negative.

If the answer were negative. Mr de Clercq said, he would ask the Community's foreign ministers at their meeting in Brussels this week to challenge the legitimacy of the US retali-ation under the General Agree-ment on Tariffs and Trade (Gatt) and to draw up a list of

EC counter-measures against S36Im of US trade.
Officials on hoth sldes believe the deepening of the hormone crisis is highly regrettable so soon after the US presidents allocated and the forther than the US presidents and the counter that the US presidents and the counter that idential election and before the "changing of the guard" respectively in Brussels and Washington in January. Even more worrying is the cloud

which the issue may cast over the mid-term review in Mon-treal next month of tha global trade talks known as the Uru-

guay Round. The EC's blanket ban on all growth hormones in December 1985 came amid strong political pressure from the European Parliament and from consumer and environmental lobbies The decision has consistently been contested by the US on the grounds, as Mr Yeutter said on Saturday, that "the safety coosiderations are not legitimate" and that the ban is effectively a "non-tariff barrier to trade

Earlier confrontation was averted when Washington negotiated a one-year exemption for its meat exports when the prohibition came into effect within the Community in January this year.

in January this year.

Mr de Clercq would not disclose details of the ECc compromise but it is understood that the possibility of exempt ing US pet food exports and increasing the US quota on high-quality heef were dis-

On the wider issue of farm policy reform in the Uruguay round, Mr Yeutter said that the choice was between "sporadi-cally and traumatically" reducing farm supports, or doing this in B "methodic, reasoned and systematic way".
"We suggest the latter," he

observed.

Mr de Clercq, however, said the US negotiation position in the Gatt talks — a commitment by all parties to the eventual elimination of farm subsidies — was a "completa non-starter."

The question of European

The question of European subsidies for the Airbus consortium, meanwhile, proved less controversial during the weekend discussions, Mr Yeuter welcomed the intention of the West Common Common of the West Comm the West German Government to "privatise" its stake in the project but warned that the project but warned that the proposed exchange rate guar-antees would be "an unfortu-nate precedent". If that occurred worldwide, "we will have another massive compet-tion over subsidies," he said.

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Trade war fears | Crowd gathers to mourn Stalin's victims

Quentin Peel watches a memorial service at a mass burial site in a Moscow cemetery

N the far corner of Moscow's Kalitnikov Cemetery, as the temperature dropped well below zero, about 300 people gathered yesterday to hold a memorial service at one of the mass burial sites of the victims of Joseph Stalin's

the victims of Joseph Stalin's reign of terror.
Nohody knows how many bodies may have been dumped there, once a guily on the edge of the cemetery, for modern graves now cover the area with heavy tombstones and elaborate railings in the Russian tradition.

Some have crosses and some

do not. There are inscriptions to young men with medals, who may well have died during the war in Afghanistan.
Only a handful of bedraggled wreaths and a few candles sputtering among the snow-flakes marked the spot at the inconspicuous side entrance, at a cut in the apparatus rail. a gate in the concrete wall, where lorries drove up after dark to unload their gruesome cargo at the height of Stalin's purges in the 1930s.

Passers-by could read an ill-written sign: "To the eternal memory of the victims of Sta-linism: a curse on the butch-ers". A middle-aged man and

President Mikhail Gorbachev of the USSE and Mr Rajiv Gandhi, Indian Prime Minister, have said that another international conference may

said that another international conference may be needed to try to settle the war in Afghanistan, writes K K Sharma in New Delhi.

The statement came yesterday in a joint communique at the end of the Soviet leader's three-day visit to New Delhi, during which he warned the US and Pakistan of "grave consequences" for the Geneva accords on Afghanistan if those countries supplied more arms to the Moslem rebels fighting the Kabul regime.

The communique denounced the "obscurantist policy of certain forces which are violating the accord". Both leaders appealed to the UN secretary-general to implement the Geneva

more recent rule of Leonid Brezhnev. It marked the first woman had met there by chance: he had lost his father. open religious involvement in a Week of Conscience for the victims of Stalinism, intended to raise money for a national memorial to the millions who leader of the Communist a leader of the Communist
Youth League, in 1936; she had
lost hers, a member of the
Communist Party Central
Committee, the following year.
A few uniformed policemen
marked the way to the site of
the ceremony, deep inside the
cemetery, some carrying crackling radios, apparently uncertain whether they were supervising an official occasion or a
dissident demonstration.

The week has been organised hy the ontspoken reformist magazine Ogonyok, with Memorial, a movement that brings together strong support-ers of perestroika within the ruling Communist Party, intel-lectuals, writers and former

The week of events will include theatrical perfor-

agreements so a "broad-based government" could be formed in Afghanistan. Under the UN-mediated agreement, Moscow agreed to withdraw its troops by February 15. Half the 100,000 have already left, but Moscow has suspended the second phase of the withdrawal, saying the rebels had stepped up the war with fresh US arms supplied through Policians.

Pakistan.

Mr Gorbachev also signed various agreements on economic co-operation with India, including the grant of a record roubles 3.2hm (£2.9bm) credit for projects to be undertaken in India. The most important of these are two nuclear reactors to be set up in the southern state of Tamil Nadu, each of 1,000Mw capacity.

mances, concerts and lectures, with apparent support from the party, although it has not been mentioned in the official media. The idea of building a memorial — possibly to include a library and archives to record the atrocties of Stalin's purges from the 1930s till the 1950s — was approved by the extraordinary party conference last June and officially sanctioned by the ruling Polit-

"The memorial is not only a monument. It is a warning," Ogonyok said in an editorial on Saturday. "All of us need it for

"Our scores with Stalinism have not yet been settled, and it is early to think about for-getting this theme"

The tragedy of millions of those who were made to suffer, the tragedy of the country drained of its lifeblood, tha tragedy of wrecked lives and destroyed morality is our common disaster."

Not all the crowd in the Kalitnikov Cemetery yesterday were necessarily believers, although many held candles and joined in the mass.

Father Yakunin called for a monument to be build at the site of the mass grave itself. He said writers such as Anton Chakhov had monuments, Chakhov had monuments; there was a monument to the Unknown Soldier; so there should be a monument to the unknown victims of Stalinism. A woman who spoke had spent 10 years in a labour camp. She went further: the monuments should displace those to Feliks Dzerzhinsky, founder of the Cheka, the forerunner of the present KGB, she said. The expressionless gentlemen, looking bored on the edge of the crowd, studied their snow-covered hoots.

Solidarity's recognition call snubbed

THE Polish authorities appeared yesterday to be continuing to resist Solidarity'a demand for legal recognition, despite a three-hour meeting which ended on Saturday between Mr Lech Walesa, the leader of the banned union, and Gen Czeslaw Kiszczak, the Interior Minister, Christopher Bohinski writes from Warsaw.

The meeting was the first the two men have had since the end of September, and the terse communique suggested that little progress was made on convening a long-awaited round table conference between the two sides.

It said the talks on eliminating differences between Solidarity and the authorities will be continued. The round-table initiative came from the authorities at the end of the

initiative came from the anthorities at the end of the summer amidst strikes in the coal mines and the Baltic

ports.

The initiative aims at offer-The initiative aims at onering Solidarity a place in Parliament and other official bodies while opposing the movement's legalisation as a trade union. The Solidarity union, for its part, has been loth to join the conference without a prior declaration from the anthorities that it will be legal-

Pinochet threat to scrap plebiscite

General Augusto Pinochet has threatened to invalidate last month's plebiscite if the oppo-sition does not accept the consinon does not accept the con-troversial 1980 constitution, Barbara Durr reports from Lima.The opposition has demanded changes in the con-stitution, which was approved in a highly disputed vote eight

in a highly disputed vote eight years ago.

Speaking in a southern city at the weekend to a women's organisation that supported his failed hid for another eight-year presidential period. General Phochet said, referring to the opposition: "I ask them if they accept the constitution. They are silent. If they say 'no', the plebiscite is mullified."

The threat was emblazoned in a huge headline across the front page of the main opposition newspaper yesterday. One Christian Democratic leader, Mr Juan Hamilton, commented

Mr Juan Hamilton, commented that General Pinochet's statement was motivated, by his ambition for power and his inability to recognise and accept the will of the majority

General Pinochet accused the US of financing the opposi-tion's campaign. "The Ameri-cans said they sent \$1m, so they must have sent maybe \$50m," he said. The US Con-gress did approve sending \$1m for the voter registration drive earlier this year.

sident Orthodox priest who spent years in exile during the National movements gather pace

dissident demonstration. The service was conducted by Father Gleb Yakunin, a dis-

By John Lloyd in Moscow

THE MOVEMENTS for self-determination in the Soviet Union's dissident republics continue to gather speed. President Mikhail Gorhachav returned from his state visit to India yesterday to face potential nationalist flashpoints.

In Armenia, where a further wave of strikes last week is reported to have subsided, the republic's Supreme Soviet will debate tomorrow the still explosive issue of Nagorno-Karabakh, the Armenian-majority application in public property. jority enclave in neighbouring Azerbaijan.

That majority's demands for special autonomy within Azer-baijan have been refused by Moscow, hnt its embattled posi-tion amid a hostila Moslem Azeri population has created an Armenian movement at odds with both the central gov-

ernment and the Armenian communist leaders.
The Armenian Snprema
Soviet called again last week
for Nagorno-Karabakh's right
to secede from Azerbaijan. One possible compromise, now being touted in Yerevan, the Armenian capital, is for the area to be granted the status of a full republic.

The trial of three Azeri men — charged with murder, pogroms and arson against Armenians in the Azerbaijan city of Sumgait this year — has ended in Moscow with one of the three, Akhmed Akhmedov, sentenced to death. The trial, little removted in the Soviet little reported in the Soviet press (the sentence has yet to be reported at all), was marked hy descriptions of horrific burning and beating. The cases of other two men

- Y. Djafarov and Lismaflov - have been sent back for fur-ther evidence. This is inter-preted as indicative of the snpreme court's desire to broaden the charges to include

other people.

The party leaders in Yerevan are now increasingly undermined by the banned Karamined by the banned Karahakh Committee, mada np
mainly of Armenian intellectuals, which is growing in power
and authority. Links have been
forged with the national fronts
of the Baltic republics. Speakers from these have addressed
Armenian meetings to acclaim.
The response within the

The response within the Moscow press to the decision last week by the Estonian Supreme Soviet to retain a right of veto over legislation passed by the Soviet central

Call for action on US budget deficit

By Janet Bush in New York

Office, the independent US Congressional watchdog, added its voice to calls for direct action to cut the US budget deficit, including spending cuts and tax increases.

In a strongly-worded report published at the weekend, the GAO rejected tha adultions

Mr George Bush during his election campaign and warned that a failure to seize the initiative would result in putting the nation's economic future at

It urged a bipartisan effort to reach compromise on the defi-cit, said that all parts of the negotiation and scoffed at the notion perpetrated by the Bush in that the deficit could be tackled without raising taxes through a flexible freeze on spending.

It also suggested that there would have to be cut-backs in military spending.

Argentine judge orders autopsy on Onassis death

By Our Foreign Staff

THE curse that seemed to hang over Aristotle Socrates Onassis has struck again, with tha death in Argentina of the late shipowner's daughter, Christina, at the age of 37.

An Argentine judge yester-day ordered an antopsy, describing as "questionable" the circumstances in which

She was found unconscious at a friend's Buenos Aires home on Saturday morning, and pronounced dead, appar-ently of a heart attack, on arrival in hospital.

arrival in pospital.

Christina's infant daughter
Athina is now the only living
descendant of Aristotle Onassis, the "Greek boy who knew
how to do his sums" and
became the archetype of the

playboy tycoon.

He died in 1975, never having recovered from the loss of his son Alexander in a plane crash two years earlier ... Christina's aunt, Mary Onas-

sis, said in Argentina that Christina could not have taken

She had come late to a hap-piness which seemed to elude her in four unsuccessful mar-

riages, the most recent to

French pharmaceuticals heir Thierry Roussel, the father of Athina

The Onassis fortune, variously estimated at between \$400m (£250m) and \$15m, was divided equally between Christina and a charitable foundation, set up in memory of Alexander.

The Onassis group consists of a web of companies with offices in Monaco, London,

offices in Monaco, London, New York and Piraeus, with 26 vessels: 12 tankers, with a total deadweight tonnage of 2.1m, and 14 buik carriers.

Christina is to be buried on her family's Greek island of Skorpios, with her father and brother – returning to a country which in recent years seemed to spurn her, and seemed to spurn her, and where she had quarrelled with the Government over tax. The Onassis link with Greece had became tenuous in recent years, as the ground-swell of populist leftism that

swept Dr Andreas Papandreou to power, and resentment over ers and the military junta, eclipsed the pride Greeks once felt in having some of the world's richest men.

Close-run Canadian poll arouses unaccustomed passions

Passion and Canada rarely meet. People do not wear their hearts on their sleeves in what is sometimes called the Switzerland of North America, Andrew Marshall writes

from Toronto.
Only in the last month has excitability has become the order of the day. Hecklers have hurled abuse, accusations of treason have flown, and quickfire insults exchanged. The country has become suffused with a native brand of moral indignation. laced with hyperbolic patriotism, as it prepared for the election today.

The free-trade deal with the US has prompted much of the mud-slinging and hreast-beating.
Yet the merits of free trade itself are only indirectly to blame. Many Canadians confess not to understand

the deal, and opinion polls on the subject seem to shoot up and down. Debate on the niceties of the agreement is conducted almost entirely in terms of black and white, when most observers agree it is more fairly char-

acterised in half-tints.
Canada's party leaders are unlikely enerators of excitement. Yet Mr Brian Mulroney, Conservative Prime Minister, has gone to the extreme of dragging his 77-year-old mother into the campaign ("Would I take away her pension?", he asked rhetorically) and involving his three-year-old son in campaign appearances.

and involving his three-year-old son in campaign appearances.

At the other end of the short spec-trum are the New Democrais, led by Mr Ed Broadbent. Many Canadians profess admiration for Mr Broadbent, largely because he has no chance of

winning, which for Canadians is endearing. The Conservatives tried to characterise him as "very scary", which is roughly equivalent to confessing to a phobia of rabbits.

The Liberals are led by Mr John Turner, to whom uncharitable souls ascribe some of Walter Mondale's qualities. Perhaps they mean the Norwesian shortens.

wegian charisma.

If the detail of the free trade deal is not understood, its broad thrust is. The agreement exposes all of the raw nerves in Canadian culture.

The easiest "hot button" for oppo-

nents of the deal is simply the exis-tence of the monster to the south. "George Bush wants a kinder, gentler

country. It's called Canada," reads one placard.

Each comment from the US has

been gleefully pounced on by the expressed over Mr Mulroney's extenopposition as evidence of intervention in Canadian affairs, including President Ronald Reagan's innocuous speech about trade last week. A Wall Street Journal editorial, branding Mr Turner as an economic nationalist in the style of Perón of Argentina, met a swift response: "Don't cry for me, Wall Street Journal."

Free trade has exposed the divi-sions between Canadians. Relations between francophones and anglophones, never easy, have deteriorated during the election, to the benefit of the bilingual Mr Mulroney. A French-Canadian journalist char-acterised the anti-Mulroney forces as

"tha Toronto intelligensia burning with anti-American fever" and attacked English "puritanism" as

The Austria-born Mr Stron-

ach has made a name for him-self as an entrepreneur by

building his company, Magna International, into a C\$1.2bn-a-

year (£540m) automotive parts

enterprise. He is not univer-sally popular but (with his white Newmarket mansion) is so well-recognised that it will

be surprising if he does not

Mr John Munro, Liberal candidate for Lincoln (Grimsby's riding), is scarcely less of a national figure, having held Hamilton East for 22 years

before his "retirement" in 1984. He will benefit from a hefty

disaffected grape-grower vote

but the aggressive Mr Munro faces two substantial barriers

in his path to Ottawa: a Con-

servative majority of 11,000 and Ms Shirley Martin, the new

expressed over Mr Mulroney's extensive collection of Gucci shoes.

Perhaps the most telling element of the free trade pact is the way it exposes Canadians' insecurity about themselves. There is a deep-seated fear about the resilience of national institutions. "Canadians are forever taking the recipied pales like deep-seated part of the participal pales. taking the national pulse, like doc-tors at a sickbed," says the Canadian author Margaret Atwood.

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In the Toronto Star yesterday, a cartoon showed a small quivering beaver, contemplating free trade:
"Maybe we'll all be turned purple with pink spots," he means. "Maybe we'll all become Mickey Mousa clones! Maybe we'll all become rock-and-rolling cultural illiterates! And maybe they'll take away our hockey #

Liberals take aim at a range of Ontario targets

David Owen looks at ridings John Turner must win to deny the Conservatives a second term

HE LEAFY and well-heeled Toronto residential district of Rosedale has little in common with suhurban York-Simcoe, an area of rich farmland and sprouting neo-Gothic housing estates.

Likewise, tha downtown crossroads of Yonge and Eglinton (also called young and eligible), heartland of Toronto's

singles scene, bears scant resemblance to the peach-growing township of Grimshy on the shores of Lake Ontario. Yet each of these diverse communities shares at least one salient characteristic for the purposes of the Canadian general election today. They all are in the middle of ridings

party leader Mr John Turner is to have a realistic chance of heading the next Government. The Liberals are confident that they have the edge in powerful and populous Ontario with 99 of the 295 seats in contention - despite recent opinion polls indicating a resurgence of Conservative

For one thing, the province is among the staunchest oppo-nents of Prime Minister Brian Mulroney's pending free trade agreement with the US. Ontarians fear that the elimination of tariffs outlined in the pact would prompt the closure of many US-owned branch plants

and damage the local soft fruit and wine industries. The agreement has emerged as by far the dominant campaign issue. For another, Ontario now has a majority Liberal provin-cial government for the first

cial government for the first time in 50 years. Mr David Peterson, the province's popu-lar premier, was decidedly lukewarm in his support for Mr Turner in the campaign's early days, when both national leader and party were strug-gling, but he has changed his tune in the wake of their recent improvement. Mr Peter. recent improvement. Mr Peter son is one of two provincial premiers who oppose the trade deal.

The Liberals need to win about 60 per cent of Ontario's seats to compensate for sparse support in the prairie prov-inces and British Columbia. This could prove a tall order. Ontario has enjoyed an almost unprecedented hurst of

prosperity since Mr Mulroney strode to power four years ago. It also hoasts an immensely powerful business and financial services lohhy, which is working hard to promote the In addition, the Liberals have to contend with the left-of-centre New Democratic

Party (NDP), which will attract part of the anti-free-trade vote,

particularly in urban areas. According to the latest Gallup poll, the NDP is favoured by 21



John Turner

per cent of Ontario voters. So victory in such ridings as Rosedale, York-Simcoe, Lincoln and St Paul's is critical if Liberal amhitions of frustrating Mr Mulroney's bid for a second consecutive majority are to be realised.

In Rosedale, Mr Bill Graham, a 49-year-old law professor with strong local roots, faces the daunting task of overturning a 12,000 vote Conservative majority. This task has been made easier by the retirement of Mr David Crombie, the well-known Conservative incumbent and a former mayor of Toronto.

However, Mr Crombie has



been succeeded by another high-profile candidate, Mr David MacDonald, once Com-munications Minister and ambassador to Ethiopia. The result may hinge on how many of the riding's less affluent con-stiments turn out to vote. York-Simcoe is the former

bailiwick of Mr Sinclair Stevens, the disgraced former Industry Minister whose majority in the last election was a commanding 18,000 votes. His disappearance from poli-tics has left a comparatively weak Conservative candidate, Mr John Cole, to defend the riding against the vigorous Liberal candidacy of Mr Frank

Transport Minister. Although there are suspi-cions that Ms Martin's elevation to the cabinet - days before the election call - was partly to improve her chances in the current contest, she has quickly established a reputation as an able and hard-work-ing MP. Assuming a strong turnout for Ms Martin in indus-

> will be exceptionally tight. The closest confrontation of all may well take place in Toronto St Paul's. This pits Ms Barbara McDougall,

trialised Stoney Creek, the race

high-flying cahinet minister, against Ms Aideen Nicholson, a Liberal MP for 14 years in the now defunct riding of Trinity.

Ms McDougall is pinning her hopes on solid support for free trada in affluent Forest Hill. Ms Nicholson's chances of springing an upset resida in her own formidable reputation in the words of Ms Cathy Kozma, Ms Nicholson's campaign manager, the outcome will be "a matter of who has the best organisation on the ground on Monday".

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Hussein

place at

uges PLO

peace talks

"I believe the PLO has gone

that the PLO must take part in

Israel and territories it occu-

"I believe they have

denounced terrorism time and again," he said. "They repeated that recently. They accepted 242 and 338, and this is what

they were asked for. I believe

that if there is any intransi-gence, and there is indeed, it is

Ethnic Albanians show support for party leaders

SEVERAL THOUSAND ethnic Albanians yesterday demon-strated in Kosovo, Yugoslavia's troubled province, to demand the reinstatement of their

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party leaders. Defying a snow blizzard and led by an ethnic Albanian carrying a portrait of the late President Tito, they called for the reinstatement of Mrs Kacusa Jasari as party leader and Mr Azim Vlasi to the polit-

Mrs Jasari, who came under mounting pressure from Ser-bian nationalists and Mr Slo-

boan hationalists and Mr Slo-bodan Milosevic, the powerful party leader of Serbia, resigned last Thursday evening. But unexpectedly ethnic Albanians came out in their thousands over the weekend in support of her and Mr Vlasi. Waving the Kosovo red flag with their black double-headed eagle and yellow star, the Yugoslav flag and portraits of Tito, the demonstrators yesterday gathered outside the par-ty's central committee building in Prishtina, the provincial

capital.
Throughout the day, the
Kosovo party leadership along
with two member of the federal politburo had met to discuss the growing tension and demands of the Albanians. As the afternoon wore on

and without any conclusion of the meeting, the increasingly frustrated crowds swelled to their thousands as they made



Ethnic Albanian miners with the Albanian national flag protest against what they view as a purge of local lea in Yugoslavia's Kosovo Province.

their way down through the centre of Prishtina. Chanting "Vlasi, Jasari, Vlasi, Jasari," they called on Mr Stipe Suvar, Yugoslavia's party leader, to come to Prish-tina and talk to them.

As the crowds marched down past shops draped with the Kosova flag and on past the university buildings, peo-ple from the apartment blocks clapped. The demonstrators shouled up to them and said,

After a look around the two kilometre long main road leading out from Prishting, the demonstrators made their way back to the central committee

demonstrations clearly signal a major shift in the recent wave of ethnic tensions between the Serbs and Albanians.

"The ethnic Albanians are reawakening politically," one Albanian engineer commented. Albanian engineer commented.

The protests and marches came after months of provocative demonstrations by nationlist Serbs and blistering attacks on the Kosovo leaderahip by Mr Milosevic, who accused them of not doing enough to protect the Serbian and Montenegrap minorities. and Montenegran minorities from alleged intimidation by the ethnic Albanian majority.

in the Israeli position, which hasn't changed, and up to now the United States' position," Asked if PLO chairman Yas-ser Arafat, a moderate within his fractious organisation, had enough support to move for-ward, the King said: "He obviously has the support to enable him to come this far and this far is what he was asked to

EC to discuss Palestine move

By Andrew Gowers, Middle East Editor

EUROPEAN Community Foreign Ministers will today discuss ways of building on last week's policy statement by the Palestine National Council which implicitly recognised

KING Hussein of Jordan said yesterday that the Palestine Israel. At a two-day meeting in Brussels, the ministers aim to Liberation Organisation has met US conditions for a place in Arab-Israeli peace talks and draft a communique welcoming what they see as new signs of moderation on the part of the Palestine Liberation Organsuggested Israel and the United States were blocking peace, AP reports from Amman.
The King made the comisation, and reiterating their support for an international ments in an interview on CBS-Television's "Face the Nation" programme. The interview was peace conference on the Middle

screened on state-run televi-sion in Jordan, which shares Israel'a longest border. The statement will highlight tha contrast between the response in Europe and that in Washington to last week's PNC declaration, which proclaimed an independent Palestinian state and accepted UN Security as far as it was asked to go, and has contributed its share for progress towards a just and comprehensive peace, he said.

Israel for years has pinned its peace hopes on a separate deal with Hussein, cutting out the PLO. But Hussein insists that the PLO must take peace in the progression of the progr

Council Resolution 242 as a basis for peace talks.

The Reagan Administration said last week that the PNC statement was too ambiguous to justify direct dialogue between the US and the PLO.

But EC Governments have gone out of their way to underline the positive elements in the Palestinian statement, and Mrs Margaret Thatcher, Britain's Prime Minister, urged President-elect George Bush to look carefully at the decision.

"When it looks as though they (the Palestinians) are going in the right direction, if you don't encourage them, you don't get further moves," Mrs Thatcher said after talks in Washington with Mr Bush. As permanent members of

tha UN Security Council, Britain and France in particular will be looking for ways of advancing the cause of an international conference, though British officials are under no illusions about the difficulties, given the apparent hardening of Israel's stance fol-lowing the November 1 elec-

Mr Roland Dumas, the French Foreign Minister, has said that the Algiers decision

ous obstacles" to mutual recognition by Israel and the PLO.
Italy, West Germany and Britain have all made similarly encouraging comments.

Although they will not recognise a "state" that has no boundaries, territory or gov-ernment, they are all conscious that the PNC statement - in referring to Resolution 242 and Palestinian national rights comes close to the formula originally adopted in the EC's 1980 Venice declaration: that the Palestinian people should be enabled "to exercise fully its right to self-determination".

The one EC member-state that has indicated it plans to recognise the PLO state is Greece. Foreign Ministry officials in Athens indicated last week that Greece, which has no diplomatic relations with Israel, was considering a simultaneous recognition of both Israel and the Palestinian state, a move of which other members of the 12 are unlikely

 Palestinian leaders of an 11-month-old uprising against Israeli rule in the West Bank and Gaza Strip praised the PLO yesterday for declaring an independent state, Renter

reports from Jerusalem.

The underground leaders, who support the Palestine Liberation Organisation, issued their first leaflet since the Pal-estinian parliament-in-exile proclaimed a state.

The communique said it "blesses and supports" the PLO for successfully turning the revolt into political gains.

The 1.7m Palestinians of the occupied West Bank and Gaza observed a general protest strike on Saturday. Security forces shot and wounded at least 10 Palestinians in street

Israel Radio said at least 37 countries had nnw recognised a new Palestinian state.

any Middle East settlement. The PLO's policy-setting Palestine National Council last week endorsed UN Security Run on shekel brings devaluation pressure Council resolutions 242 and 338, implying recognition of israel's right to exist, and ruled out military actions heyond By Andrew Whitley in Jarusalam

THE BANK of Israel is pressing for an early devalua-tion of the shekel, by as much as 15 per cent, to counteract a recent surge of bad news for the national economy.

A rush of foreign currency purchases by Israeli business

and the general public has increased speculation and added to the pressures on the Government. However, stern opposition to the move is coming from the Treasury and the

Prime Minister's Office.
Withdrawals of foreign currency from commercial banks have been running during the past few weeks at the equiva-lent of up to \$50m a day, drain-ing the country's reserves at a worrying rate. Meanwhile, a related liquidity shartage at the banks has pushed np already high domestic interest rates, by 50 per cent above market levels that were prevailing as recently as Septem-

After official forecasts that private-sector growth this year is unlikely to crawl much ahove zero, compared with more than 8 per cent in 1987, latest unemployment figures show a jump to a two-year high of 6.9 per cent. Israel is traditionally a society of full employment.

Government economists are most alarmed at the signs that, despite a tight monetary pol-icy, inflation is again on an upward curve.

The figure of 2.4 per cent last month from the Central Bureau of Statistics was a shock, ensuring as it did that 1988 inflation would exceed the 16.1 per cent of last year. To bringinflation down to less than 10 per cent, and thus break the cycle of domestic price increases followed by cur-rency devaluations, has been the prime goal of the economic anthorities in Jerusalem for

the past two years. What appears to have forced the hand of Professor Michael Bruno, central bank governor, and reversed his earlier opposition to a devaluation without other economic measures, is the run on the shekei now gathering strength.

black market rate for the US currency had npened a 20 per cent margin over the official bank rate. Despite the market's viewa, Mr Moshe Nissim, Finance Minister, is trying to delay any move until 1989, so the next Government can settle in and assess the situation

By devaluing now, the Trea-

sury argues, the Government could simply exacerbate infla-tion through higher wages and

Leading exporters are now backing the Finance Ministry's position. An end-of-year alteration in the exchange rate would do nothing for exports already contracted, while damaging balance sbeets.

Official calls for end to Tokyo taboo on hostile takeovers

By Gordon Cramb in Tokyo

A SENIOR Japanese industry official called at the weekend for a greater acceptance of hos-tile corporate takeovers in the domestic market, suggesting that the country's taboo on unsolicited hids might be ham-

pering economic efficiency. Mr Kazuo Nukazawa, a man-aging director at the Keidanren, the powerful federation of "A hostile takeover, in substance, is just a management-resisted takeover. Whether it is good or bad for the host nation's economy can only be judged case by case."
His comments are the clear-

est indication yet from the

mainstream Japanese private sector that the cosseting of badly performing or otherwise vulnerable companies by banks and other friendly shareholders may begin to decline.

He warned that the current acquisition spree by Japanese companies overseas might

cause problems of reciprocity, and predicted that, in any event, it would "influence the domestic business scene and . . . lead to across-the-board

changes on the home ground." Writing in the English-Ianguage Japan Times on Satur-day, Mr Nukazawa said: for both the company and its shareholders. From this point of view, the Japanese corporate world and the national economy are putting themselves at a disadvantage because poor management survives serious

Japanese companies have spent well over \$10bn (£5.5bn) in foreign acquisitions so far this year, mainly in the US. Although all but a few of the deals have been struck on an agreed basis, purchasers have commonly accumulated an advance — and uninvited — shareholding in the target company to press their case.

Within Japan, however, such activity is confined to a small and widely shunned band of greenmailers who seek merely to be bought out at a profit.

Y156bn (£700m)

-Those at the forefront of developing Japan's embryonic mergers and acquisitions. (M&A) industry remain for the moment anxious to avoid any hint of predation, Mr Mitsuo Goto, president of Nomura Wasserstein Perella, a Tokyobased venture linking the world's largest stockbroker with a new and aggressive Wall Street "boutique" firm, said they would not introduce all those akills into Japan because merger activity there "relies on human trust".

The Keidanren official, in his article, also cautioned that, to be successful in the long run, any fakeover needed the sup-port of other "stakeholders" in a company among them its workforce, suppliers and the

Criticism of takeover restrictions, rare as it is in Japan, might be expressed in milder terms if aimed at a Japanese andience. Also, although Mr Nukazawa urged that "any remaining government regula-The largest of these corporate raiders, Nihon Land, collapsed last month with dehts of barriers should go".

Conservative formula for Hong Kong

By Michael Marray In Hong Kong

MAINLAND Chinese officials tive, in 2012. and representatives from Hong ... Kong have produced a conservative formula for the introduction of democracy to the

territory.

They propose that at least the first three chief executives after sovereignty has reverted to China in 1997 be chosen by a grand electoral college rather than through universal rather than through universal

suffrage.

A political review would then follow. This could make for the introduction of univer-sal adult suffrage in time to elect the fourth chief execu-

The proposal was adopted during a round of talks this weekend in the Chinese city of Canton, where the political sub-group of the Drafting Committee of the Basic Law has been meeting. has been meeting.

Public consultation on the first Basic Law draft ended in September, and the delegates september, and the unregates are now preparing a second draft of the post-1997 mini-constitution for the territory. This version will be released are appointed or chosen by groups of Professionals such as doctors and lawyers or through electoral colleges. The governor, the current chief that process so the appointed from London.

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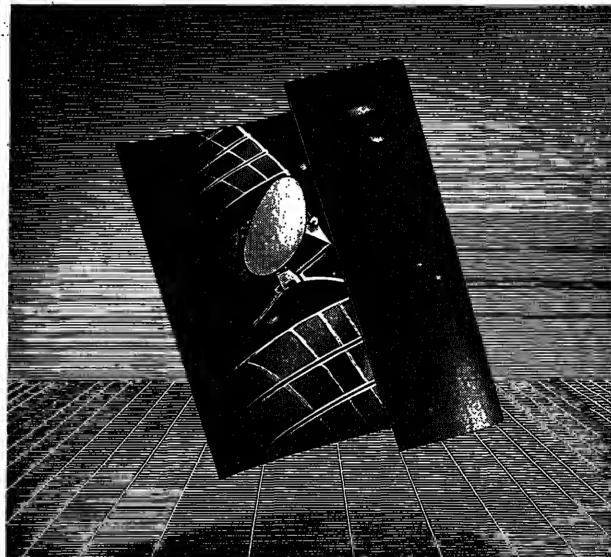
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current talks would be crucial.
Opinion is divided in Hong
Kong over the way to select
the chief executive and legislature of the government of the future Special Administrative Region (SAR) which is to run Hong Kong after 1997. At present no direct elec-

tions are made to the Legisla-tive Council, whose members are appointed or chosen by

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Brussels is aiming to reassure workers fearful of cross-border mergers, David Buchan writes

HE European Commis-sion has been issuing warnings about possible popular resentment of e single EC market if it is seen to be purely for the benefit of business. Hence the need, it argues. for a "social" dimension to the internal market, to reassure workers fearful of unemploy-ment as the result of a rush of cross-border mergers and rationalisations.

Another possibility, says the Commission, is a revolt of citi-zens angry that intra-EC travel is being made easier for prod-ucts than for people. in its half-way internal market prog-ress report this month, the Commission said: "It is becoming increasing difficult – in political terms – to explain to the citizens of Europe why such effort is being made to enable goods to move freely across frontiers while no such equivalent effort is being made

for people". The 12 EC states committed themselves, in the Single European Act, to create an area "without internal frontiers, in which the free circulation of of goods, people, services and capital is ensured". Nothing in this commitment has proved harder to carry out than reduc-ing, let alone abolishing, fron-tier checks on people.

Frontier checks create convenient bottlenecks to check whether travellers are illegal immigrants, drug traffickers, arms smugglers or terrorists. No member state is ready lightly to dispense with them. However, the Commission knows that, if intra-EC border checks are retained for one purpose (security), they will be kept for all other purposes (taxation, for instance).

The new European passports now being issued are a red (or maroon, for that is their colour) herring. They merely embody a common format for national passports. They do not create e passport union of the 12, inside which there would be no passport checks.

Such a passport union, though, requires the 12 to egree common policies on immigration, visas and asylum for third-country nationals, and common ways to combat terrorism and trafficking in drugs and arms. Such agreement is complicated by the fact that member states regard such foreign policy or police metters es mainly outside

Community competence.
Bluntest opposition has come from Mrs Margaret Thatcher. In her speech this year et Bruges, the British Prime Minister said it was "plain common sense that you can't abolish frontiers and at the same time deal with drugs and terrorism". Underlying her ettitude may be worries about loss of political sovereignty.

The UK is not the only country that wants to retain the effect of the natural barriers afforded hy geography. Another is Greece, without a land border with another part of the Com-

munity.

Denmark is already in e passport union with its fellow Nordic countries. This puts it in e different category to the two small passport unions inside the Community (those of the UK and Ireland, and of the three Benelux countries). A passport union of the 12 would mean Copenhagen breaking its long-standing Nordic commit-

Entering a passport union

means trusting in other coun-tries' immigration and customs officers. France in particular has called for an improvement in the Community's external border controls, while taking unilateral action — in eutumn 1986 - to require entry visas for all non-EC nationals bar the Swiss. In doing so, it with-drew from a convention among members of the Council of Europe (including several non-EC states) for mutual abolitton of visa requirements. In retaliation, Scandinavian coun-tries and Austria are likely to block the bid of Mrs Catherine Lalumière, e former French minister, to become Council of Europe secretary-general next

This is the state of progress,

or lack of same, on the five prerequisites for an EC passport union:

The "immigration group" (officials of the 12, plus a Commission observer) has worked out a "negative" list of about



50 countries whose nationals 50 countries whose nationals, the 12 all agree, must have visas before entry to the EC. However, they have yet to agree a "positive" list of countries which they all agree should be free of visa require-

• The same group is at work on e common asylum policy. The issue here is not so much that of common criteria for judging asylum-seekers (these exist in various UN conventions), as of working out which EC state must consider the request for asylum.
The fear is of "refugee tour-

ism, in which refugees travel around making successive asy-lum requests and staying in the Community for years," says one official. Tension exists between "natural recipi-

ent" countries, such as those in southern Europe, and "natu-ral destination" countries such as those in the richer north.
West Germany's position is
further complicated by its constitutional sward of e right to citizenship for all East Ger-

The Brussels Commission has proposed that the 12 harmonise their policies towards the purchase and possession of firearms, but little progress has been made wainly because has been made, mainly because of the opposition of France and Belgium which have markedly more liberal policies than the

▲ In its original 1985 internal market white paper, the Com-mission promised an anti-drug proposal, but has since decided proposal, but has since decided to leave this work to other agencies. The chief of these is the so-called Pompidou Group (named after the late French president) of the Council of Europe. Although less supra-national than the EC, the Council of Europe has long had a remit in the judicial field. The main thrust of the group, now under UK chairmanship has been to use bank disclo sure to prevent the laundering

of drug money.

The "Trevi" group of EC interior ministers (meeting without a Commission presence) has been holding discussions for several years to improve police co-ordination against terrorism and interna-tional crime. This group will examine West German Chancallor Helmnt Kohl's recent call for a European equivalent of the US Federal Bureau of Investigation. All EC states agree that pooled police intelligence is a point point in ques-tion (raised by the UK) is whether it would ever be enough to dispense with fron-tier checks.

If you cross frontiers

between the Benefux countries, France and West Germany, yon notice the checks are somewhat less rigorous than elsewhere in the Community. elsewhere in the Community.
This is due to the 1985 Schengen agreement under which these five countries undertook, as a first stage, to reduce routine controls to random spot checks, and as a planned second stage to abolish all controls by 1990.

To benefit from this, your car has to carry a green disc

car has to carry a green disc with a big E. To get that sticker, you must assert that all passengers in the car are Community nationals abiding

by rules on duty-free goods and foreign exchange.

So far, application of the Schengen agreement has been rather half-hearted. It might become whole-hearted, Com-mission officials say, if the effort to create a passport union for all 12 EC states were to fail.

'Tests ahead' for **Bush in world** finance markets

By John Wyles in Rome

in preferring Mr George Bush to Mr Michael Dukakis, but the new president faces severe tests in world financial mar-kets and in presenting decades. kets and in preventing develop-ments in eastern Europe proveking new crises in East-West

Those were some of the views at a conference in the starkly beautiful great hall of the Palazzo Salimbeni, the beautiquarters at Siena of the Monte dei Paschi Bank, which attracted an illustrious array of European and American fig-

of European and American fig-ures from husiness, finance and foreign policy studies.

The conference also heard that, while the continuity of foreign policy offered by Mr Bush's election was a positive factor, the absence of clear indications of how he will deal with the twin US deficits—

oftrade and budget — was defi-nitely negative.

Lord Roll, chairman of War-hurgs merchant bank, called for a "perestroika" for the US which would reduce the defi-

Progress would take a long time to achieve but "markets don't wait and very soon they will form a view, rightly or wrongly, of what the US administration is going to do, and this will influence the exchange rate and the volatility of the dollar," said Lord Roll.

Roll.
Mr David Rockefeller, former chairman of Chase Manhaitan Bank, lamented Mr Bush's campaign rejection of any tax increases as a means to reduce the budget deficit. "It is diffi-cult to see how he can deal with the deficit without some kind of revenue enhancement," added Mr Rockefeller, who argued strongly for an increase

in petrol taxes.
Mr Gianni Agnelli, president of Italy's Fiat Group, thought

that Mr Bush's US east coast background promised a continuing priority for trans-At-lantic relations. US nervous-ness about the European Community's internal market programme was "inevitable", said Mr Agnelli, but concern about the supply of credits to eastern Europe was less neces-

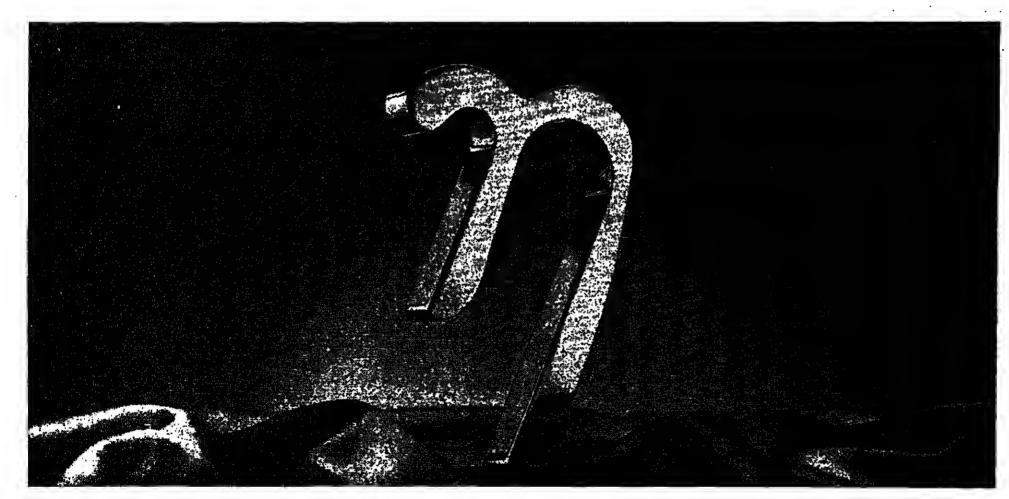
The Europeans did not intend to make it easy for Moscow to maintain defence spending at current levels, and technology transfers to the USSR would depend on the rate of defence cuts, Mr Aguelli

Mr Henry Kissinger, former US Secretary of State, stressed his conviction that eastern Europe would become the "crucial issue of the next decade". The problem had to be discussed with Moscow "with della The problem had to be dis-cussed with Moscow "with deli-cacy and respect" because a reduction in East-West conven-tional arms capabilities would inevitably reduce "the Soviet capability to repress eastern

Mr Kissinger was strongly critical of the way in which President Mikhail Gorbachev of the USSR had become e perof the USSR had become a per-sonal repository of all hopes about the future of East-West relations. "Every Soviet leader has disavowed his predecessors individualising foreign pol-icy means creating conditions which will lead to disappoint-ment," he warned

The challenge for Mr Bush would be to adjust US foreign policies to a world in which a far greater number of powers has a role to play than ever before. Declaring that Mr Bush "is the only man who can do it," Mr Kissinger added that the task was a hnge one because "there are certainly isolationist temptations in

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Italian railway chiefs under pressure to quit By John Wyles .

SENIOR management in the severely criticised for his ing under intense political pressure to resign. This follows sheets" scandal over alleged improprieties in the award of a contract for supply of bed-

Magistrates have issued six arrest warrants against senior rallway managers, and one against Mr Ello Graziano, e foragainst Mr Allo Grazant, a fin-mer chairman of the Avellino soccer club, who is already being investigated in connec-tion with alleged fraudulent expenditures on the earth-quake reconstruction pro-

quake reconstruction programme in southern Italy.

The railways president, Mr Ludovico Ligato, is to be questioned by magistrates this week about the "golden sheets" affair, as is the director-general, Mr Giovanni Col-

etti. Mr Ligato has already been

tian Democratic party is abandoning its support for him, it is thought likely that Mr Ligato and the entire rail board may have to bow to calls for their resignation from the Commu-

nist and Socialist parties.

However, neither of those parties is free of embarrassment. Mr Coletti and another Socialist nominee to the rail board are under investigation, as is a Communist member. The "golden sheets" affair

was brought to the notice of magistrates by a company which had not been invited to tender for the supply of dispos-able bedding for sleeping cars. The contract, for L152bn was awarded to Mr Graziano's company, Idaff, in May last year at inflated prices, it is alleged.

SHIPPING REPORT

Demand for crude oil tankers increases

By Lynton McLain

Arabia was again the main supplier of oil. Some tanker charterers had

Some tanker charterers had difficulty in finding sufficient tanker capacity. A number of large vessels had already been chartered from Rastanurah by one large group et charter rates higher than those paid in October. Galbraiths, the London ship broker, said the graph of charter rates was still on an npward trend so far this month.

Several charterers are looking to the imminent meeting of the Organisation of Petroleum-Exporting Countries for relief. Galbraiths said it was surprised that tankers were being chartered forward at higher levels instead of waiting for the outcome of the Opec discussions.

The bulk of chartering of very large crude carriers has

DEMAND for crude oil tankers already been arranged and increased last week amid furthere may be no more VLCC ther evidence that Sendi charter business this month. There are only 10 to 12 vessels evailable for loading this month in the Gulf.

Tanker tonnage for December is already being taken up, with ultra-large crude carriers obtaining Worldscale 49/50 for voyages from the Gulf to the West and VLCCs about Worldscale 55 for similar voyages.

One large US oil company had to concede Worldscale 80 to secure tanker capacity in

to secure tanker capacity in the Gulf/Red Sea market. In North Sea markets, 80,000-ton vessels were in demand and rates "zoomed upwards to about Worldscale 110 for early loaders on short voyages," Galbraiths said.

WORLD	WORLD ECONOMIC INDICATORS						
	TRADE	STATIS	TICS	• •			
US (\$bn)	exports Imports balance	Sept '88 27.441 37.939 -10.498	Aug '88 26.538 39.370	July'88 25.098 37.084	Sept '87 21.18 35.159		
Japan (USSbn)	exports imports balance	22.244 14.398 +7.846	-12.831 21.850 14.322 +7.528	-11,986 21,670 14,433 +7,237	-13.975 19.235 11.523 +7.710		
UK (Ehn)	Imports balance	. 7.561 8.621 -1.060	6.748 8.561 -1.813	6.775 9.427 -2.651	8,962 8,378 -1,416		
W. Germany (DMbn)	exports imports balance	45,340 36,170 + 10,170	49,570 38,180 + 11,390	49,470 37,190 + 12,280	44.650 34.220 + 10,430		
France (FFrbn)	exports imports balance	90.700 90.300 + 0.400	81.693 90.656 -8.963	81.815 85.827 -4.012	75.565 77.779 -2.214		

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THE BRITISH Government is planning new legislation next year to streamline its investigation and approval proce-dures for takeovers and merg-

ers.

The measures, to be included in e new Companies Bill, will be foreebedowed in the Queen's speech to Parliament tomorrow, the ceremonial opening of a new session at hich the Government sets out

its legislative programme. The Companies Bill has yat to be finalised and is not due to be published until early next year. But proposals drawn up by the Department of Trade and Industry envisage three main changes to existing pro-

The first would provide for a voluntary system of "pre-notifi-cation" of planned mergers and acquisitions to the Office of Fair Trading (OFT) which would provide for automatic clearance of non-controversial bids. Where there were no obvious competition issues, companies would simply com-plete a standard questionnaire for the OFT in order to secure

approval.
The bill would also simplify procedures in those cases where planned mergers or acquisitions would create potential threats to competition in perhaps only one area of the enlarged business.

Under the new proposals, companies would be able to

ence to the Monopolies and nission (MMC) by giving advance statntory undertakings to divest that part of the business.

The third proposal, however, will be less welcome for indus-

try - that companies launching takeover bids should be forced to contribute to the costs of any subsequent MMC

for any change in the Government's overall philosophy towards takeovers.

Despite criticism that it has been inconsistent in its recent desident that the DTI institute that

decisions, the DTI insists that it is sticking to the principles established four years ago by

planned to pay for Mr Norman Tebbit, who was then Trade and Industry Secrenuclear They provide that in all but the most exceptional circumstances bids should be referred programme to the MMC only on competi-

> By Max Wilkinson, Natural Resources Editor

to the MMC only on competi-tion grounds.

Aside from the companies legislation, moves to privatise the water and electricity indus-tries will dominate the forth-coming parliamentary session.

Other measures in the Queen's speach will inclode additional controls on local authority spending, tougher action to counter terrorism in Northern Ireland, tighter rules on unemployment benefit pay-A "NUCLEAR tax" is to be imposed on that all consumers imposed on that all consumers of electricity, including large industrial companies linked to independent generators, after the industry is privatised.

The Government's decision follows a strong warning from the Cantral Electricity Generation. on unemployment benefit pay-ments and reform of the Offi-cial Secrets Act.

the Central Electricity Gener-eting Board that it would accept the risk of building nuclear reactors after privati-sation only if it could be sure that the costs and the biggest risks would be passed on to consumers or taxpayers. The Electricity Bill, which is to be published early next month, will enable the the so be published early next month, will enable the the industry to push most of the extra costs of the nuclear pro-gramme on to consumers.

The Government has decided, however, that the shareholders of National Power, the generating com-pany which will inherit the CEGB's nuclear programme, must beer some of the risks of building delays or technical failures.

The automatic transmission of costs to the consumer will be limited to the initial contract price of the nuclear programe, unless National Power can convince the industry's regulator that its costs over-ran for reasons beyond its con-

The Electricity Bill will require the regional supply companies, which are to succeed the 12 area boards, to buy a fixed proportion of electric ity not generated by fossil fuels. At first the level will be

a little under 20 per cent.

The extra cost of this obligation will be added to domestic
customers' hills through a pricing formula administered by
the industry's regulator.

The anterry's regulator.

The area boards have complained vociferously to the Government, however, that their nuclear obligation could place them at a disadvantage in competing for industrial customers which might prefer to but reserve from a negative. to buy power from a non-nu-clear independent producer. The Bill addresses these

fears by requiring all indepen-dent producers above a certain size to levy a nuclear sur-charge from their customers. The industry's regulator will grant licences to generators with more than 50MW of capacity only if they levy this

capacity only it they kevy this surcharge.

It is among the Government's difficulties with the electricity privatisation that its plans oblige supply companies to buy nuclear power, but create no matching obligation on the generating companies to produce such energy.

on the generating competities to produce such energy.

The nuclear levy, which will probably be used to pay for work in progress during the long construction periods, is therefore considered necessary to give National Power an adequate incentive to continue Britain's nuclear programme. The size of the surcharge, under the general supervision of the regulator, will be calculated from the excess of nuclear costs over those for other forms of electricity gen-

The Government will argue that the diversity of supply offered by a nuclear programme is a benefit which all electricity consumers share,

and that the cost should there-fore be shared by all.

However, producers of other forms of non-fossil power, including windmill, tidal or "hot rocks" power, will not be required to levy a nuclear tax

required to levy a nuclear tax from their customers, offering them a possible small advantage from the scheme.

The Government will try to quieten protests at the scheme by pointing out that the nuclear tax is likely to be small for the foreseeable future sincs it will apply only to plant yet to be built. Should muclear power should turn out nuclear power should turn out to be unexpectedly cheaper

to be unexpectedly cheaper than the alternatives, the sur-charge will become a bonus to be shared by all customers.

The cost of electricity from existing nuclear plant mainly reflects past capital expenditures, which will be written down sharply at the time of privatisation.

An adjustment to these cani-An adjustment to these capi-tal values could also be used

to offset future decommissioning costs, if these are considered to be higher than previ-

ously estimated.
Supply companies will be able to pass on the average rise for fuel costs for the whole system rather than the fuel costs actually incurred through supply contracts with systems. generators. The formula for power tar-

iffs, which is several pages long and will be part of the licences issued to supply com-panies, will also make an allowance for extra capital costs incurred through supply

The Government is seeking to structure the price formula so the supply companies will be unable to raise profits by putting up prices to custom-

Ford pledges annual £1.5m for staff development programme

By Charles Leadheater, Labour Editor

FORD, the vehicle maker, plans to spend more than 11.5m a year on an personal assistance and development programme for its 42,000 staff.

The scheme will provide employees with non-job related evening classes and a range a health services including physiotherapy, chiropody, clinics to stop smoking and classes on healthy eating, designed to promote "healthier lifestyles."

Such programmes are gener-

Such programmes are generally associated with non-mion, service sector employers such as IBM; the computer company, or confined to more senior staff.

senior staff.

The programme is modelled in part on a scheme Ford runs in the US in conjunction with the United Auto Workers, car industry union. It will be central to the company's attempt to develop a system of "employee involvement" in its UK plants, it also represents e hig stem towards more indivihig step towards more indivi-dualised, non-pay benefits for manual workers.

The programme, dubbed the Employee Development and Aesistance Programme (EDAP), will be run in addition to Pord's substantial invest-

The main points of the scheme are.

Employee development will provide grants of up to \$200 per employee, to cover the costs of courses at Colleges of Further courses at Colleges of Further Education, Polytechnics, the Open University and other edu-cational institutions, which workers will pursue in their own time. The company's plans for the programme sug-gest that possible courses might include computer liter-sty, basic numeracy and first degree courses.

A company study groups estimated at least £600,600 a year would be spent on these

year would be spent on these courses, if 5 per cent of the company's workers were to take to the offer.

• Employee assistance programmes will focus on "personal health and lifestyle issues", by providing non-occapational, health services at factories and offices.

pational, health services at factories and offices.

A company report suggests
that the kind of services to be
offered might include stopsmoking classes, advice on diet
and counselling on alcohol and
drug dependancy.

Many employers offer man-

agers subsidised membership of private health-care schemes. Ford plans to match this in part by providing workers with on site access to physiothera-pists, chiropodists, and den-

while EDAP borrows from policies which non-unionised companies have introduced. Ford plans to run its programme jointly with the car industry unions.

The programme would be designed and overseen by a national committee on which the unions and the company would be equally represented. About 65 per cent of the EDAP fund would be disbursed to local joint committees to carry but surveys among staff on out surveys among staff on which services they most want. Development programmes would then be tailored to local wishes.

wishes.
Unions represented at Ford agreed to discussions over such a programme as part of the two-year pay and fleitbility agreement, they signed with the company in February. Detailed talks on design and administration of the area. administration of the pro-gramme will begin a week today at a weekend meeting.

Allied agrees to cut in hours

By Michael Smith, Labour Staff

ALLIED-LYONS, the food and drinks group, has agreed in principle to reduce the working week of the 11,500 manual workers in its food division from 38 hours to 57% hours. Unions regard the deal as a breakthrough in their campaign for ehorter hours because Allied-Lyons is one of the first in the food industry to move towards a 37%-hour week for blue-collar employees. The move comes while unions in other sectors are making little progress in schering cuts in working hours. Employers in the engineering sector, for example, have rejected e claim for a 35-hour week as unrealistic and extravagant. Manual employees in

week as unrealistic and extravagant. Manual employees in engineering presently work 39 hours a week.

In other industries the pace of change in reducing working weeks has slowed in recent years after a widespread trend at the beginning of the decade to replace 40-hour weeks with 39-hour weeks.

By John Gapper,

Labour Correspondent

THE Government yesterday intensified its attack on the Trade Union Congress-affiliated health unions over the

nurses' pay dispute, declaring that it regarded the widespread practice of working strictly to

new grading definitions as industrial action.

Mr David Mellor, health min-

Mr David Mellor, health minister, emphasised the breach between the two TUC health unions, Cohse and Nupe, and the Royal College of Nursing, which has criticised the campaign of disruption over the 5941.5m re-grading of nursing

Mr Mellor said that the Gov-

ernment would back any health authority which took

legal action against unions for encouraging working to grade. — which has meant many

nursing auxiliaries refusing to work unsupervised - without

However, Nupe said it had been told by the South Western Regional Health Authority that the authority did not regard

working to grade - the most common form of action in the

dispute - as industrial action requiring a ballot.

Both Cohes and Nupe joined the RCN's call for a meeting with Mr Kenneth Clarke,

Health Secretary, to discuss problems in the implementa-

tion of the grading structure for Britain's 487,000 nurses and

midwives which was recom-mended in April by the psy review body.

If Clarke has insisted that health authorities will not hear

appeals over re-gradings from nurses who are taking indus-trial action. A strict interpreta-

tion of all working to grade as a form of industrial action could hold up thousands of

appeals.

The unions are due to meet

each other tomorrow smid ris-ing tension between them over

tactics. Mr Trevor Clay, RCN

general secretary, has ques-tioned whether joint negotia-ting machinery should be

changed because of industrial

Speaking on BBC radio, Mr Mellor said working to grade had been applied in a "hunatic" fashion in some areas.

Mr Rodney Bickerstaffe, Nupe general secretary, said that if Mr Clarke could find the

time to direct insults at nurses,

he should be able to fit in a joint meeting with all the nurs-

action.

Allied-Lyons has agreed the principle of a 37%-hour week with eix unions—the AEU engineering milon, the TGWU and GMB general workers' unions, the MSF general technical union, the EETFU electricisms' union, and the BFAWU bakers' union.

The deal has been reached more than two years after the unions made their first request for a reduction in hours and the company says that its first response was rejection.

Allied-Lyons says individual agreements will have to be regotiated at local level for the hours reduction plan to be implemented and will be postible only if they can be introduced at no extra cost to the company.

By a concepted to be agreed.

it is expected to be several years before all manual workers in the division work 37%

nours.

Mr David Welsh, personnel director of the food division, said the trend in the food industry during the next faw

years would be towards a 37%-hour week and Allied-Lyons wanted to be ahead of the field. Mr Welsh said the cut in heurs would have to be accompanied by other changes in work practices. There would be no reduction in output and the company was not interested in hidden pay increases through, for example, increased evallability of overtime.

Increased flexibility between different types of workers will be one idea the company will advocate. The hours reduction will bring the food division's manual staff into line with white-collar workers, whose working week will remain at 37% hours.

At the start of the 1980s blue-collar workers in Allied-Lyons' food division were working 40 hours a week. The national deal to reduce this figure to 39 hours was negotiated in 1982 but in many cases the local agreements needed to implement the cut took several years to complete.

Government Europe's chemical unions steps up agree to EC policies plan attack on health unions

EUROPEAN chemical industry unions, representing more than 1.5m members, have agreed e plan of work to repre-sent workers' interests in debates over European Com-

munity policy in four sectors, including pharmaceuticals, plastics, rubber, and gas.

The plan was agreed by the European Federation of Chemical and General Workers Union, at its inaugural executive committee meeting in Brussels.

The Federation will hold its first conference next May. It represents more than 20 European chemical industry unions but, in accordance with European Trade Union Con-gress rules, it excludes commu-nist unions from France, Spain and Portugal.
While the main British

chemical unions are repre-sented, the EETPU electri-cian's union, which was expelled from the TUC earlier this year, is not a member.

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21st November, 1988

4 Broadgate London EC2M 7LE

By John Hunt, Environment Correspondent

THREE leading environmental campaigning organisations have joined forces to bring pressure to bear on the Government to speed up its programme of anti-pollution mea-

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Greenpeace, Friends of the Earth and the World Wide Fund for Nature yesterday issued a joint document entitled Green Gauntlet.

It lists 30 areas in which they challenge Mrs Thatcher, the Prime Minister, to intro-duce tougher anti-pollution legislation before the next general

This reflects their disappointment at the recent indica-tion by Mr Nicholas Ridley, the Environment Secretary, that no new "green" bill introducing stricter pollution controls
will ha announced in this
week's Queen's Speech for the
new parliamentary session.
Mr Jonathon Porritt, director

of Friends of the Earth, yesterday welcomed Mrs Thatcher's speech in which she pledged that the Government would take action to deal with some of the main national and inter-

However, he added: "We now challenge her to make good her claims and put some political flesh on her government's skeletal environmental record."

The Green Gauntlet document calls for fixmer measures to combat the greenhouse



Jouathon Porritt: attacks retord on the environment

effect, involving the warming of the Earth's atmosphere, and to combat threats to wildlife in the countryside.

It also wants tighter control of sulphur emissions from power stations to reduce acid rain, an end to dumping of sewage at sea and legislation to prevent dumping of heavy metals and chemicals. Lord Melchett, of Green-

peace, has sent a letter to Mrs Thatcher disputing her recent claim that the condition of the North Sea is good and in some

respects improving.
"In fact, the UK contributes significantly to the many black spots that are found in the eastern North Sea," he says.

Thatcher pressed Life market retreats before AIDS

Eric Short on a significant move by Standard Life Assurance

STANDARD Life Assurance, Scotland's largest life company, announced last week that it was no longer offering any traditional protection. If a cover contracts to the progression of AIDS in the UK and worldwide, and would not hesitate to increase meants. tion life cover contracts, known as term assurance, to

Providing financial protec-tion against death through term assurance is the raison d'etre of the long-established traditional life companies and Standard Life was founded in 1825. The first contracts offered by traditional life companies over 200 years ago were protec-tion contracts. Standard's move is akin to a clearing bank withdrawing completely from providing overdraft facilities to the public. Why has Standard

Life taken this action?

Mr Iam Lumsden, Standard
Life's chief actuary, is
emphatic that AIDS (Acquired
Immune Deficiency Syndrome)
is not the sole reason for this
decision. After all, Mr Lumsden's actuarial forsethers of den's actuarial forefathers of the 19th century had to con-tend with mortality conditions just as unpredictable.

But AIDS was the trigger. Over the past seven or eight months, life company actuaries have been reviewing their term rates and other charges for mortality to take account of

the anticipated high number of AIDS-related deaths. This has resulted in term surence premiums for men

not hesitate to increase premiums again if considered neces-

Standard Life is one of the last life companies to have reviewed its rates and as far as

It set life assurance on a different plane from general insurance. Instead of one-year renewable contracts, life companies could offer life cover over any term, up to the time of death itself, on premiums fixed at the beginning.

Mr Lumsden now considers that with the onset of AIDS, it would not be feasible for life

Standard's move is akin to a clearing bank withdrawing completely from providing overdraft facilities to the public

term premiums were con-cerned it produced similar answers to the other life com-

However, the company took the opportunity to review its whole product range and came to some startling conclusions. Last year Standard Life issued about 421,000 individual contracts of which just 11,000
were term assurance, mainly
contracts which carried the
right to convert to other life contracts some time in the future - not a leading product.

The discovery by actuaries

200 years ago that they could charge a level premium to cover a mortality risk that increased with age was likened by Mr Frank Redington, an eminent actuary, to the discovery of the "actuarial wheel."

companies to offer fixed-price life cover contracts unless they had a large pool of business in

those contracts.
Hence, Standard Life took

hence, Standard Life took that decision to discontinue offering such contracts.

People can still obtain life cover from Standard Life. But it is on a variable premium hasis, through what is known as universal life contracts, where the actuary has the power to change the mortality cost at short notice. It is the type of cover offered by most unit-linked life companies such as Allied Dunbar and Abbey

There is one exception: fixed-price term assurance con-tracts are still available from Standard Life for a mortgage. Prudential Assurance has

not gone as far as Standard Life in withdrawing from the term assurance market. But it will not issue such contracts where the cover is more than £25,000 unless there is a specific reason for taking out the contract, such as cover for a

loan until repayment.
Other actuaries do not agree with Mr Lumsden's arguments. They still regard providing term assurance as an integral part of a traditional life company's operation, even though for many traditional mutual dard Life, actually do little business. The term assurance market is dominated by the composites, together with Equitable Life Assurance, where the actuarial wheel was invented.

invented.

Standard Life's review turned up other surprising features. Last year it sold just 48 whole life non-profit contracts which pay a fixed amount on death and 67 endowment non-profit contracts paying a fixed amount at the end of a selected period or on earlier death. period or on earlier death.

These contracts were the vogue of the late 19th century and were still standard for a and were still standard for a traditional life company 30 years ago. Inflation, the growth of equity-type investment hy traditional life companies and the advent of unit-linked life contracts have made such contracts have made such contracts.

Insurers urge tax treatment parity for pension schemes

By Eric Short, Pensions Correspondent

THE Association of British Insurers, the main trade body for insurance companies in the UK, has called for parity of tax treatment between company insured pension schemes pro-vided by life companies and company self-administered pension schemes.

The association is negotiating with the Inland Revenue over the Revenue's proposal to change radically the system of taxation of life companies, which could well result in companies paying considerably more tax. The Revenue's basic premise is that, under the pres-

ent system, life companies do not pay their fair tax share. Nevertheless, these negotia-tions have not stopped the association from making its annual pre-Budget submission to the Chancellor of the Exchequer, calling for action on various tax matters thet, if implemented, would result in both life and general insurance having at least contain the east ing at least certain tax ease-

The association's submission points out that all approved pension schemes are exempt from tax and able to recover income tax deducted at source and tax credits on dividends

However, the submission points out that self-adminis tered schemes can recover the tax immediately. But peosion schemes through a life company, both individual and cor-porate schemes, cannot receive these reclaimed payments until the corporation tax liabilities of the life company are settled after the end of their financial

Although the Revenue allows concessions for compa-nies to reclaim tax earlier, the ABI calls for full provisional tax repayments as a right for life companies.

The ABI's submission also refers to a similar difficulty affecting both life and general insurance concerning tax deducted at source on gilts.

local authority bonds and cor-porate debentures and loans. The tax deducted from these investments usualty substantially exceeds the insurance companies' corporation tax lia-bility, but it is only repayable after the normal date for pay-

ment of the corporation tax.

The association asserts that this practice means that insurance companies are paying corporation tax in advance with out any compensation for advance payment.

Low-emission cars to be offered by VW

By John Griffiths :

VOLKSWAGEN'S UK importer 1.8 litre engine develops 112 is to offer optional low-polition, catalytic converter equipped versions of the entire ple" catalyst, 107 bhp with a "simple catalyst and only 102 bhp VW car range by next autumn.

The decision by Lonrhoowned VAG (UK) follows the gen and Audi cars which the converted to the converter of the care which the launch at last month's UK motor show of Golf and Jetta

an extra £200.

lutants in exhaust emissions Toyota sell individual models by up to 50 per cent compared, with the option.

With non-catalyst ressions: The intention of Ford, the However, the next two VW UK market leader, not to offer catalyst alternatives in the UK lysts, 2-litre Passats and the Corredo G60 sports car will Corrado G60 sports car, will use more sophisticated, "threeway ... catalytic.. converters employing electronic manage-ment. Prices are likely to be at least £500 more than their

non-catalyst counterparts.
All models under 1.6 litres will be offered with the simple catalyst; those over 1.6 litres will be offered with "threeway" converters which are more efficient, largely elimi-nating nitrogen oxide emis-

However, VAG acknow-ledges that the use of catalysts reduces engine power, so it will offer, where possible larger engines to compensate.

gen and Audi cars which account for about 6 per cent of motor show of Golf and Jetta the UK's 2m-units a year new models fitted with simple "oxicar market, is the first UK supdation" catalytic converters for plier to supply catalytic alternatives for its entire range, These reduce the level of pol-although both Rover group and stants in exhaust emissions Toyota sell individual models

catalyst equipped cars in some European markets – has led it into conflict with the Greeneace environmentalist group. VAG's decision has been made possible by the rapidly increasing availability of unleaded petrol in the UK.

Cars equipped with catalysts must use unleaded fuel, because lead in exhaust gases forms a coating on the catalyst which renders it inoperative. Yesterday General Motors and Mobil entered a Vauxhall LAST WICKET FE

The Touche Ross Guide to Business Responsiveness:

28. Extending boundaries beyond the norm,

For those unfamiliar with corporate finance, rule 3 of the takeover code could be a sticky wicket.

It states that when companies seek independent advice on buying or selling other companies, the advisors to be appointed must always be approved by the Takeover Panel.

There must be no conflict of interest.

Traditionally this area of corporate finance has been the hallowed ground of brokers and bankers.

That is, until recently.

The Pineapple Group, now renamed the

Prospective Group, appointed Touche Ross to examine its proposed sale of Pineapple Limited.

This assignment represented one of the first times a firm of chartered accountants had been asked to act as independent advisors on an offer.

Following the approval of the Takeover Panel, the firm invested in manpower and set about quantifying the value of the business.

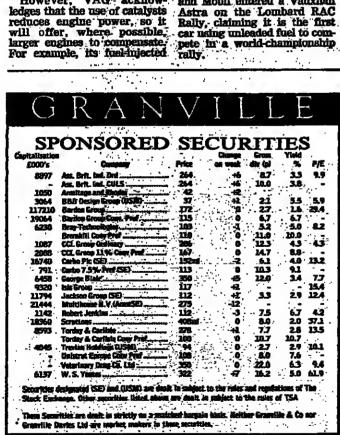
After detailed analysis and extensive number crunching, we assessed the company's purchase price. In our view it was fair, and the sale went through successfully.

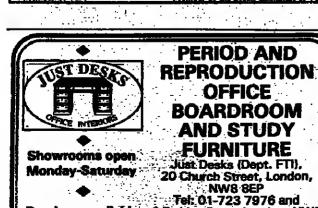
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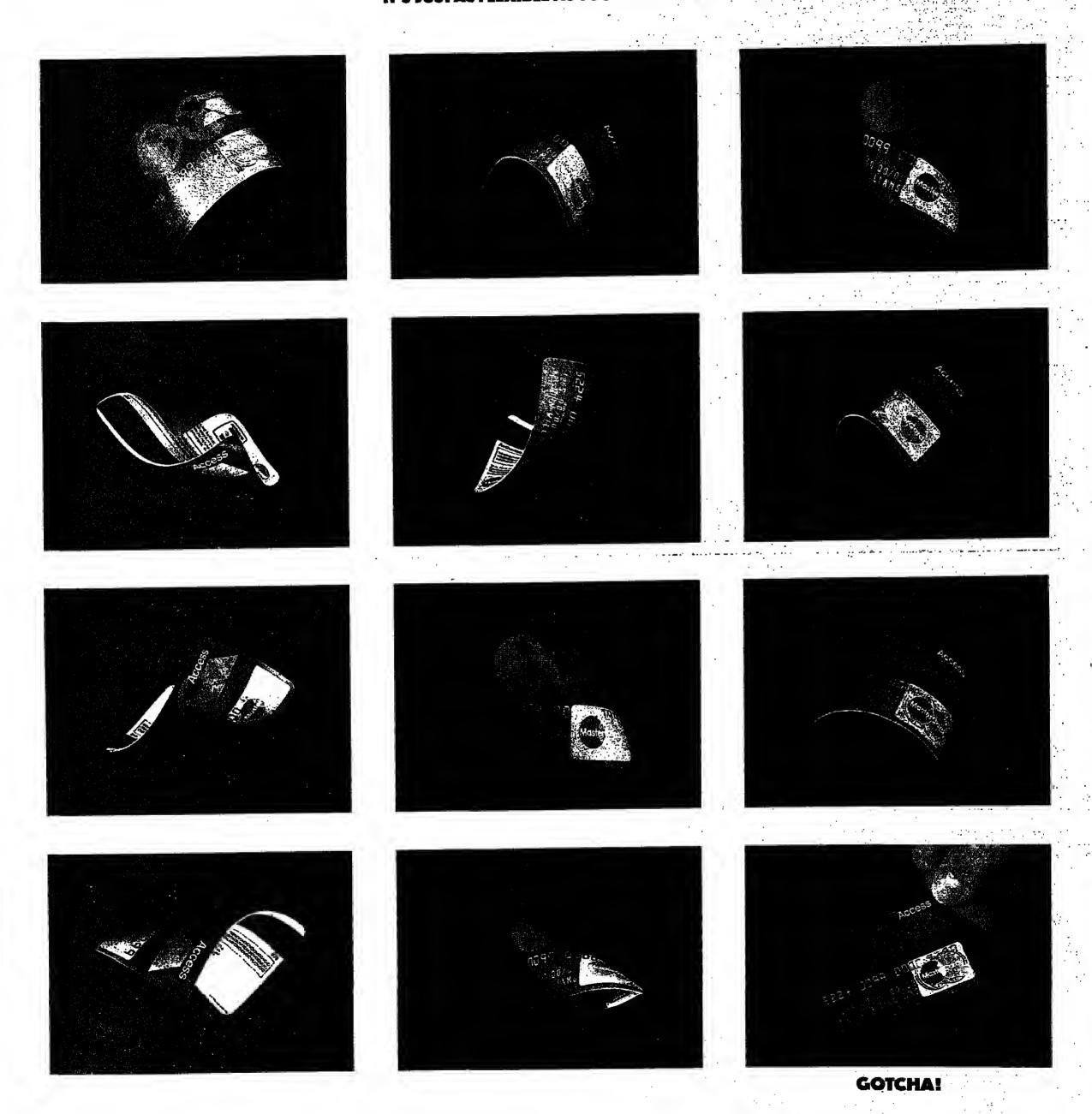


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A COMMITTEE of senior ministers chaired by the Prime Minister is expected to decide on Thursday whether to buy British or American main bat-tle tanks for the British Army

An order worth £750m to £1.2bn for 500 to 600 tanks at £1.5m to £2m each is at stake for the only two competitors. Vickers of the UK and General Dynamics of the US.

This is tha first time the Ministry of Defence has considered a foreign tank for service with the British Army. It is also the first time an order for British Army tanks will have been decided on the basis of

competitive tenders.

The decision to open the const to foreign competition for the first time was inevitable after the MoD created a monopoly in tank production in the UK, with Vickers the sole supplier, if the MoD was to honour its competitive tender-ing policy for defence equip-

Vickers became Britain's only maker of main battle tanks after the MoD abandoned competition between the previ-ous two UK tank makars, Royal Ordnance and Vickers, by selling the RO tank factory at Leeds to Vickers two years

Ordnance when it was the MoD's own arms and munitions maker, or to Vickers.

The contest has enabled the

MoD to drive down the price and call for changes in the specification of the new tank. Vickers and General Dynamics have had to resubmit their hids Vickers Defence Systems the Vickers subsidiary which makes the tanks, said yester-

day Britain would be in danger of losing its production capabil-

ity for main battle tanks if the order went to the US. The company has just over a year's worth of main battle tank orders left for the British Army at its Leeds factory, which employs 1,400 people. It has no tank orders at its New-castle upon Tyne tank factory, which employes several hun-dred people, and is seeking export orders for the Vickers

Mark 7 tank. The army wants to replace up to 600 Chieftain tanks in service with BAOR. The prototype Chieftain was tested 29 years ago. It is expensive to maintain and slower to fire and loss accurate then current

and less accurate than current main battle tanks.
The MoD's procurement executive is in the final stages at Leeds to Vickers two years
ago.
Previous orders had been
awarded exclusively to Royal

of evaluating the US General
Dynamics Mi Abrams and the
Vickers Challenger II main battile tanks to replace Chieftain.

Fledgling BZW sends out powerful shock waves

David Barchard continues the series about the impact of Big Bang on securities houses

AST MONTH, Barclays De Zoete Wedd cut the size for deals on the London Stock Exchange and trimmed its spreads between bid and offered prices. The two moves sent shock waves though many of its competitors and were characteristically forceful demonstrations of how far BZW has coms in the two years since the Big Bang reforms of October 1986.

BZW was expensively forged in 1985 out of Barclays' own merchant banking activities; daunt, one of two main jobbers in the world of the pre-Big Bang stock market; and de Zoete & Bevan, a leading brok-ing firm, for a total cost of £130m. Clearing banks were new-

comers to the securities' scene and nobody was sure how they would fit into it. Barclays' own merchant banking activities before the merger were generally regarded as smaller and weaker than those of the other clearers.

By buying large, ready-made businesses, Barclays spared itself the expense and difficulty of a "cold start" but faced an almost equally difficult task of blending the newly-purchased ingredients into a workable whole which would justify its hefty investment.

A few months after it came

A few months after it came into being, the fledgling investment bank was hit by the departure of eight partners that it had inherited from Wedd Durlacher, a major setback at the time and — as with the winds.— followed at interits rivals - followed at inter-vals by other departures, although the bank has latterly attracted a steady stream of new talent to it.

The two years since October

BZW CHANGES Big Bang Today 1300 2800

1986 have seen BZW growing steadily in size and prestige while its rivals have been dogged by misfortunes, bad publicity, defections of semior staff and forced to jettison some of their main areas of activity. There is an obvious and almost embarrassing contrast between BZW's history and the troubled record of County NatWest, the securities and investment arm of National Westminster, Bar-

Employees Overseas offices % share of

clay's larger rival. Elsewhere, the record is one of steady advance into new fields such as swaps, US gov-ernment Treasury bond operations. From being number 23 in the UK corporate finance market in 1986 it has risen to eighth this year A poll of 260 leading institu-tional investors earlier this

year showed that BZW was now the third favourite securities house among fund managars, following close behind James Capel and Warburgs. It was an impressive display of how far BZW had pulled ahead of its rivels among the elegion. of its rivals among the clearing bank's securities and investment arms in the two-and-half

years since it was set up.

Because of this, BZW's halfyear pre-tax profits of £25m
announced last August are perhaps more impressive than they look at first sight. The return on capital was 17 per cent, a figure the bank describes as "respectable though not our goal," although it is double the level of some of the longer-established merchant banks, such as Morgan Grenfell or Kleinworts.

BZW achieved its profits without ditching large areas of unprofitable business without shedding loss-making operations (unlike the £65m half-year profit of Midland Montagu, for example).
The turnaround was the

more impressive given the depressed state of the market depressed state of the market after last year's crash, which pushed BZW into ending last year £11m in the red. Mr David Band, who joined BZW from Morgan Garanty as chief executive last April, said:

"The crash brought a much-needed return to reality in the financial markets but because our fundamentals in sales, research and trading are so strong we feel we remain on track towards our aim of being an international integrated investment bank."

A key factor, both before and

after the crasb, has been BZW's working relationship with its parent, Barclays, which like the other big clearers had to make a sometimes painful adjustment to living with the risks involved in a securities operation.

Unlike its rivals, BZW has managed to remain relatively independent of its parent and at the same time to develop a distinct identity of its own.

The melding together of the separate cultures of jobbers, brokers, and bankers was probably assisted by bringing in Sir Martin Jacomb from Kleinwort Benson as chairman and giving him additional clout as deputy chairman of the parent banking group. Sir Martin's authority is enhanced by his status as a director of the Bank

All eyes on the future at BZW

of England and a past deputy chairman of the Securities and Investment Board.

Mr Band said: "Of our 2,800 staff, many were neither 'B', 'Z' or 'W'." About 250 senior BZW staff had shares in the bank, which helped to cement loyal-ties and Mr Band added: "The tution, But that will come in a bottom line for them is that BZW matters. It is important to

be ambitious for the firm." Nevertheless there were "some obvious aspects of immaturity still" in the bank. "We don't yet have a large corps of 'elder statesmen' who bave speot their careers with ns and help instil the identity of the insti-

Barclays attitude towards

BZW is described as "hands off" by Mr Band, "They let us get on with it and we keep them informed beforehand of major developments.

The two banks retain their separate treasuries, further enabling BZW to build up a confideot sense of its identity. its growing assertiveness may explain BZW's ability to attract specialists from other banks, notably Hill Samuel and County NatWest, to fill gaps in such areas as Eurobonds and still relatively weak.

One thing the bank does not do, however, is to encourage its own top executives to regard themselves as stars. It prefers them to think of them-selves as "street-wise" and "cli-ent-wise." There is also a continuing drive to catch up with the market leaders in areas where BZW still sees itself as weaker than some of the competition. In research, for example, BZW bas built up its estabishment to a total of 22 analysts specialising in Euro-pean markets, out of a total of

Overseas operations are also expanding. About a third of BZW staff work outside the UK and the bank has steadily beefed up its international presence in the last two years. opening offices in Hong Kong. Singapore, Tokyo and Sydney. as well Paris, Amsterdam, and Madrid, even if in some ways BZW is still weaker globally than its main rivals – lacking County NatWest's strong Tokyo presence, for instance.

Previous orticles in this series: Shearson Tuesdoy, November & Lloyds Bank, Mondoy, November 14

Royal Soviet trip unlikely

By Our Political Editor

THE Government yesterday sought to play down sugges-tions that the visit to London next month of Mr Mikhail Gorbachev, the Soviet President; could result in an early visit by the Queen to the Soviet Union. Officials said no such invitation had been issued. They added that it was unclear what had prompted media specula-tion that Mr Gorbachev would extend one during his planned audience with the Queen dur-ing his visit to London from

December 12 to 14.

The officials made it clear that Mrs Margaret Thatcher,

the Prime Minister, would advise the Queen against trav-elling to the Soviet Union at an early stage. Among the considerations would be what Mrs Thatcher regards as Moscow's poor record on respect for

human rights. Buckingham Palace has remained aloof from any dis-cussion about the Queen's reaction to such an invitation. while acknowledging that she would have to take advice from the Prime Minister, but there is thought to be some irritation at the way the issue has been aired publicly in Whitehall.

Ashdown rules out pre-election pacts

By Philip Stephens, Political Editor

MR PADDY Ashdown, leader of the Social and Liberal Democrats, yesterday ruled out any pact with either the Labour Party or with Dr David Owen's SDP in the run-up to the next general election.

In a lengthy interview on independent television, Mr Ashdown said that he saw "no reasonable prospect" of a deal with the Labour Party before the election.

Similarly, a renewed alliance

with Dr Owen would mark a "betrayal" of the democratic decisions which members of his party had taken over the past 18 months. Mr Ashdown, who has just

returned from a two-week tour of the country, said that he was confident that the SLD's poor standing in recent opinion polls did not reflect its true level of support in the country. It had fared considerably better in local elections, taking a 31

per cent share of the vote in the most recent such ballots. He confirmed that Labour would be the main target of the SLD's drive for increased support over the next few

Labour, he said, would break up after a further defeat at the next election. That would leave the SLD as the alternative to the government of Mrs Mar-

garet Thatcher.

The Conservative Party's

Bow Group yesterday called on the Government to introduce new rules in the House of Commons to give a fairer chance to bills sponsored by backbench

The group said that the Gov-ernment should act against the "time-wasting" tactics of opponents of private members' bills by implementing procedures which would ensure that proposed legislation received a fair hearing in the Commons.

Tidal power data sought

By David Green

AN INDUSTRIAL consortium investigating plans to build a barrage across the River Severn estuary is being asked to submit evidence to the Hinkley Point C nuclear power sta-

tion inquiry.

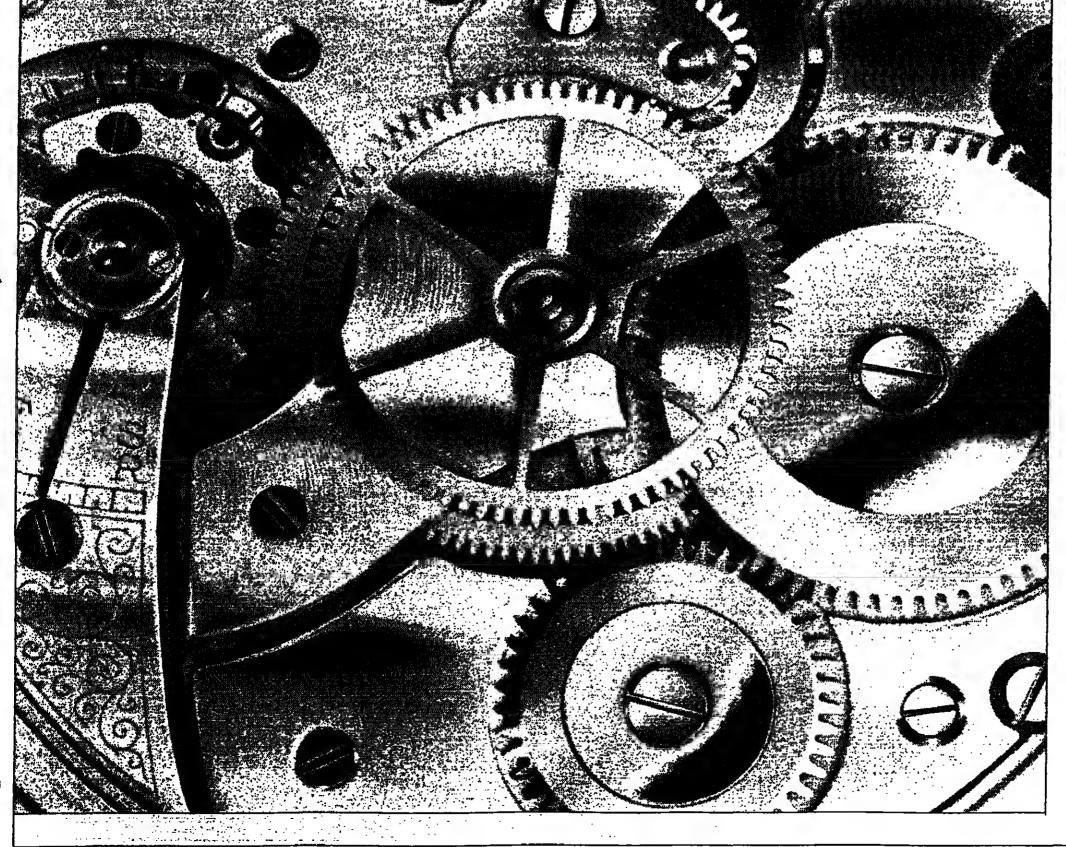
The invitation has gone ont from Mr Michael Barnes, QC, the inquiry inspector, to the Severn Tidal Power Group, following claims from some participants that generating power from the barrage is

preferable on both ecocomic and environmental grounds.

The group comprises Sir Robert McAlpine & Sons, Bal-four Beatty, GEC Power Engineering, Northern Engineering Industries. Taylor Woodrow Construction and Wimpey Major Products.

Findings of a £4.26m study of the barrage plan financed by the STPG, the CEGB and the Department of Energy should be ready by the spring.

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Water industry surprised by strict regulation plan

THE regulatory framework for the privatised water industry, to be disclosed in the Water Bill this week, is much more stringent than the industry had expected and will make it difficult for the City to put a value on the flotation

'We can just about tolerate the bill as drafted, but the scale of regulation is very harsh. It is going to make a successful sale difficult," said the chairman of one of the 10 water authorities in England

in November next year. The bill's final draft, a key plank in the Queen's Speech tomorrow, underlines the complexity of the privatisation measure, probably the most politically sensitive of all the Government's public sector asset sales. Present indications are that the industry could fetch from £4bn to £7bn.

There are signs that the bill, which runs to more than 200 clauses and dozens of schedules, has been made tougher to meet the vociferous demands of the eovironment lobby, and to ensure that its passage through parliament is as trouble-free as possible.

Following publication on Thursday, there will be a Com-mons second reading debate in the first week of December followed by two or three commit-tee sessions before the Christmas recess, an exceptionally

In spite of its length and complexity, the bill is expected



Michael Howard: to steer bill through parliament the beginning of July, several weeks earlier than expected. The push is necessary because of the need to float the authorities by next November to allow the even bigger electricity privatisation to take

place in three tranches beginning early in 1990. It will be impossible for the City to put any valuation on the water authorities for many months, as too many crucial factors remain undecided. These include the pricing for-mula, the scale of debt resched-- debt will have to be taken from some authorities and loaded on to others - and the ability of the industry to

pass oo in charges additional costs from European Commu-

nity directives.

These, together with a decision on a government golden share to prevent early predatory takeovers of the fledgling companies, will not be known in detail until much nearer vesting day on September 1

next year.

What will be clear this week
will be the scale of the new
bureaucracy. The National Rivers Authority, a quango which will assume the anthorities' existing regulatory functions, will need a staff of about 6,000. win need a star of about 6,000. Ironically, this was the figure originally estimated by tha industry and rejected as scare-mongering by Mr Nicholas Ridley, Environment Secretary.

One authority chairman said esterday that the division of the industry between the priva-tised authorities, or water services plcs as they will be known, and the NRA, will mean that an additional 600

jobs will be required.

There will also be a powerful director general of water ser-vices to monitor the new plcs, the Monopolies and Mergers Commission, the pollution inspectorate, and customer service committees. "The whole bill is drafted as if the plcs will be run by a bunch of crooks,"

said an industry leader. Mr Michael Howard, Envi-ronment Minister, will have the tricky task of steering the Bill through Parliament. There is unease on the Tory as well as opposition benches on some aspects of the legislation.

shortly report to the Government on a proposal that two large national research agencies simplest they can be summed up like this. The AFRC has en pursuing good science but in directions that promised mainly to add to the already

raise the profile of the biological sciences in surpluses.
The NERC has been

Britain.
One is a House of Lords select committee, the other an expert committee advising the Department of Education and Science.
Sciencists, no less than nurses, are being graded. Senior scientists, for the first time in their careers, are being time in their careers, are being told their research is of low priority, unwanted.

Some are being told they are "unproductive." Others are being asked to move to research considered of higher priority, in which they may have no academic

reputation. Some are being asked to take early retirement. None of this will be novel for the industrial scientist.

However, it is proving a painful new experience for scientists in the Government's research councils, the agencies through which it supports the education and training of

Of the five research councils, two in particular, the Agricultural and Food Research Council (AFRC) and the Natural Environment Research Council (NERC), hava found themselves out of favour in recent

should be merged to create a Biological Research Council, to embarrassing European food

pursuing too much research its peers ranked of low quality or low priority.

As a result, the AFRC has had research commissioned by the Ministry of Agriculture,

Professor Knill is cautious. about the merger proposals, urging a study of joint research efforts

Food and Fisheries cut

According to Professor William Stewart, secretary, had the ministry's funding of the AFRC remained steady at the level set in 1975, it would now be receiving £73ma year, whereas in fact it is getting only £45m from this

The other half of its funding, from the science budget of DES, has been increasing slightly, although less than its

The outcome of the latest public expenditure survey is likely to be more money from

Reasons differ, but at their DES, offset by further cuts to implest they can be summed come from the Agriculture Ministry.

Merger plan to breed biological success

An anguished Prof Stewart says "life would certainly be simpler if we had only one financial system."

The prospect of a diminished future led his council to propose what could be the first restructuring of the research councils since they were set up Prof Stewart calls it a

"common sense objective." It would merge an AFRC, which spent £106m in the year which ended in March, with a NERC, which also spent £106m. The NERC, however, sees the futurs from a different perspective. Although there is a strong biological flavour to much of its environmental research, it could hardly expect to be the dominant partner in a merger creating a Biological Research Council

Professor John Knill, NERC's chairman — like Prof Stewart, new to his job this year — sees an expanding future for his council.

"NERC's time has come," he says, pointing to what he calls a sea change in public attitudes towards threatening environmental difficulties, and recognition by government that NERC is its agency for analysing those difficulties. NERC's research disclosed the "ozone hole" in the

atmosphere above Antarctica. The Government has already announced this month that NERC is to get an extra £35m for two main programmes - \$23m for its British Antarctic Survey and expanded studies of the ozone hole, and £12m for the British Geological Survey - over the next three years. NERC is confident of getting still more, given the new-found ministerial enthusiasm

for tackling environmental Prof Knill brings two disciplines to his new job — he is both a civil engineer and a says bluntly that

NERC is to get additional funding for its research into the ozone hole above the

Antarctic

although he is interested in any measure that might strengthen environmental science, the merger idea is by biological

interests.
Among the advantages of such a merger might be a bigger and stronger research council specialising in basic and strategic biology, possibly yielding aavings in the administration of an aggregate staff of some 5,000.

He believes, however, there would be disadvantages. One could be the risk of an internal conflict between research roles relating to exploitation

David Fishlock examines the proposals for a new national science organisation (agricultural activities, for instance) and to newly emerging environmental

For many of NERC's scientists, such a merger would offer no advantages, as Prof Knill sees it. Many have not even been consulted about

Prof Knill, who is still restructuring NERC to accommodate big changes carried out by his predecessor Mr Hugh Fish, expects to lose another 160 staff by next April and is pleading for a respite from further upheaval.

Strenuous efforts were made by Mr Fish to raise the quality of NERC science in face of peer criticism.

Prof Knill believes he takes over both a programme high in scientific quality and a team high in morale.

At the AFRC, Prof Stewart acknowledges that a merger would mean a big upheaval.

He said: "Yon couldn't simply knock us together." The cost of reconstruction would have to ba found by the

At NERC. Prof Knill is more cautious. His view is that any ideas for a merger should be pursued slowly, but meanwhile tha two research councils should explore every opportunity to collaborate in their research.

AFRC Annual Report 1987-98. £8. NERC Annual Report

Pacific Place, Hong Kong. The right place

Pacific Place, the largest commercial development ever undertaken in Hong Kong's Central Business District, is already proving itself to be the right place for business.

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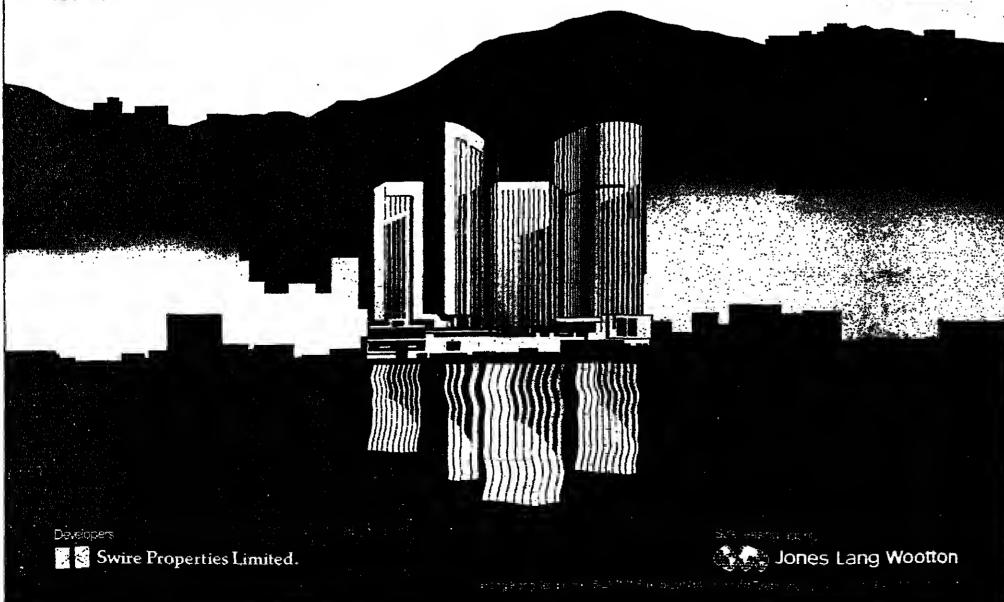
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sole leasing agents, Jones Lang Wootton for full details.





Development of European fighter set for go-ahead

By Michael Donne, Aerospace Correspondent

A £6BN contract for the full-scale development of the European Fighter Aircraft (EFA) is expected to be signed this week between British Aerospace and its partners in the project in West Germany, (Casa) of Spain 13 per cent. The EJ-200 engine for the

the project in West Germany, Italy and Spain, with their respective governments.

Mr Ivan Yates; president of the Society of British Aerospace Companies, said last week in London that this followed the signature to the EFA. agreement by the Spanish Government two weeks ago.

The UK is now back in the

lighter business until well into the next century," Mr Yates.

The EFA is being run by the

The EJ-200 engine for the EFA is being developed by a consortium called Eurojet Turbo, including Rolls-Royce, Motoren and Turbinen-Union, Fiat Aviazione and Sener of Spain. Many major groups of equipment companies are also being formed to compete for work on the aircraft.

Current plans envisage more than 800 aircraft being built for the air forces of the four countries, with the first entering

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FINANCIAL TIMES

Bryanston Insurance Company Limited We are pleased to report an increase in Capital of £14,300,000 by way of an issue of £,000,000 ordinary shares of £1 each for a consideration of £7.15 per share. Accordingly the Authorised and Issued Share Capital of the

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Innovation

STONEHENGE AND THE SPACE TELESCOPE

Over 4,100 years ago a Neolithic people built a remarkable monument on the Salisbury Plain in what is now southern England. As an engineering feat alone, Stonehenge stands as one of the wonders of the world. But a recent discovery has revealed that it served not only as a temple, but as an astronomical computer.

We know very little about the life of the people who built Stonehenge. But one thing that has become increasingly evident is that they were far more sophisticated than was previously believed. Even though they worked only with Stone Age technology, they built a monument which apparently acted as an astronomical clock. With Stonehenge they could predict eclipses, the exact days of the solstices, the long-term cycles of the moon and sun, and other important heavenly events. They could begin to understand that the universe had order and how it worked

stand that the universe had order and how it worked.

The need to understand the workings of the

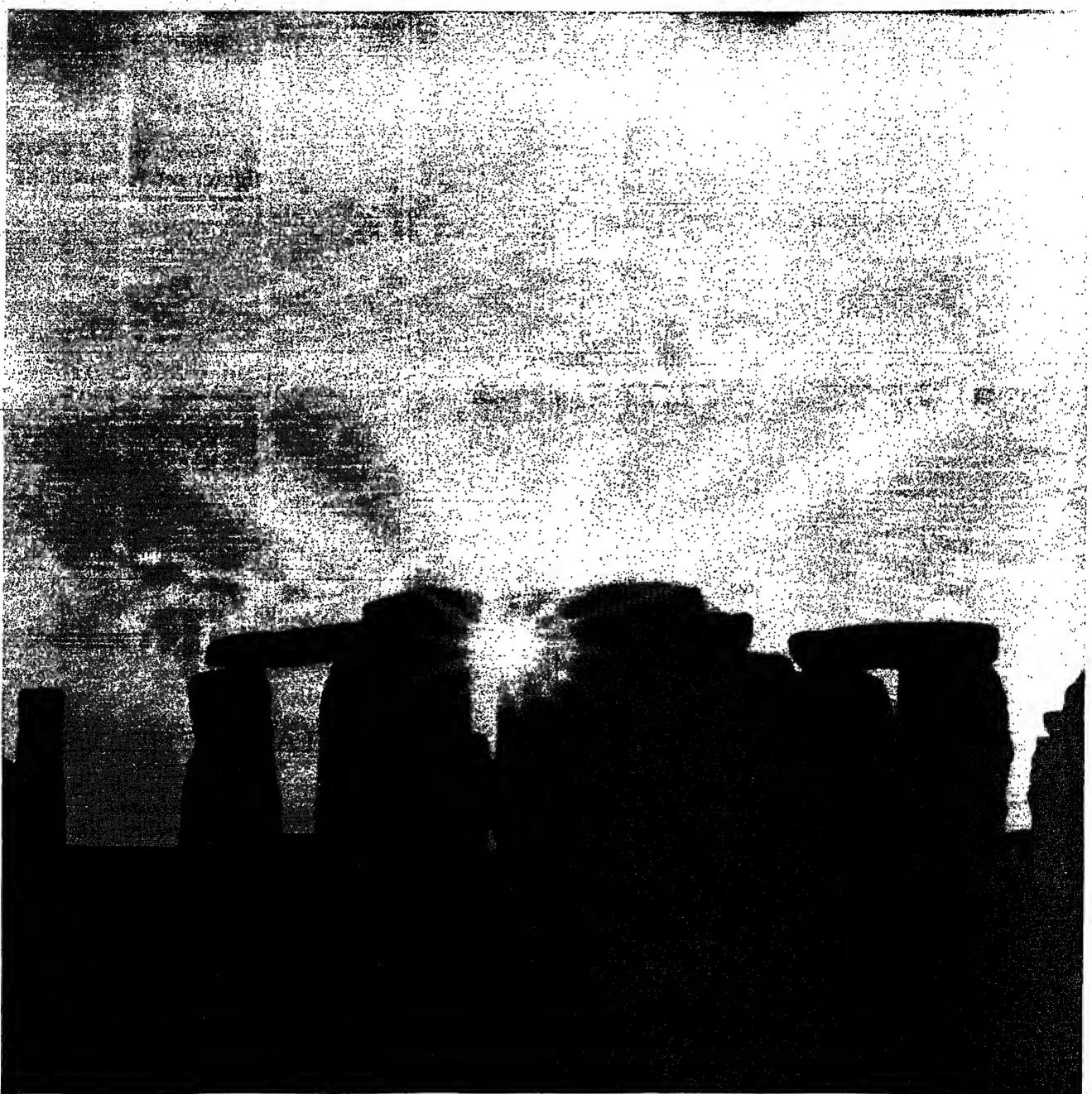
universe is very ancient in man. One might even say that it is instinctual, that it is part of what makes us human.

A leap of forty-one centuries and we find ourselves still confronted with the same questions that drove the prehistoric Britons to build Stonehenge. How does the universe work? How did it begin? Will it ever end?

The Hubble Space Telescope will help us solve these primeval mysteries. Once in Earth orbit, the telescope will be able to detect objects as far as four-teen billion light-years away, which is to see fourteen billion years into the past; past the birth of the Earth; past the birth of our galaxy; to the very beginning of time.

The Space Telescope represents a momentous leap in the history of mankind. The builders of Stonehenge must have felt themselves on the verge of the same kind of moment as they discovered that creation actually had order. Within our own grasp is a view of the creation itself.

SLockheed Giving shape to imagination.



Stagnant house prices 'set to curb spending' By Ralph Atkins,

STAGNANT house prices will help force a marked slowdown in the growth of consumer spending next year, a leading securities house predicts in a report published yesterday. House prices will be almost static in the first half of 1989 before showing a modest rise in the following six months, economists at Shearson Leh-

man Hutton forecast. Consumer spending is fore-cast to grow by just 2.5 per cent next year. This is less than predicted by Mr Nigel Lawson, Chancellor of the Exchequer, earlier this month in the Autumn Statement and compares with about 5 per cent in each of the last three years. "The growth in demand for consumer durables is likely to be particularly lacklustre and may show negative growth in some quarters," the report says. It argues that the recent

buoyancy of house prices has increased consumer spending hy hoosting confidence and encouraging borrowing. However, rises in mortgage rates this summer are begin-ning to affect the housing market, the report says. "Our own impression is that actual selling prices in the London market have now fallen well back from their late summer levels,

and at the lower end of the market are now close to their pre-Budget level." The report says there are signs that house prices in other regions are also Growth in disposable incomes, after allowing for inflation, is also forecast to slow next year while saving increases. Wage settlemonts are rising but a strong pound is expected to intensify competitive pressures so that employ-

ers will eventually stiffen resistance to high wage demands. Shearson Lehman Hutton forecasts a current account deficit of £10bn for 1989 compared with the Treasury's forecast of £11bn. Base rates are expected to remain near 12 per cent dur-ing 1989 while inflationary pressures are forecast to mod-erate before the end of the year. However, it says inflation is unlikely to fall to 5 per cent until the following year.

'will continue next year'

By Andrew Taylor, Construction Correspondent

THE SURGE in British construction is likely to continue for at least another 12 months as companies work through the current crop of orders, according to the Build-ing Employers' Confederation representing more than 9,500 construction companies.
The confederation, which today publishes its latest quar-

terly state of trade survey, questioned more than 600 construction companies last month about the state of their order books and the ontlook over the next 12 months. Replies indicated that UK

construction output could rise by a further 3-4 per cent next The confederation said that more than three-quarters of the companies questioned last month expected workloads to

rise in the next 12 months.

Almost two-thirds of them were working at full capacity. When a similar survey was conducted four years ago, the confederation found that fewer than 20 per cent of its members were working at full capacity. There have, however, been

recent signs that orders may be starting to peak, while sales of new houses have slowed in parts of London and south-east Despite this, orders and workloads remain at their

workloads remain at their highest since 1973.
Most companies do not oxpect workloads to fall sharply when the market peaks. They believe the private sector economy, which has given rise to most of the recent increases in output, will remain strong and that orders are likely to stay on a platean rather than plummet.

The confederation said 44 per cent of companies reported an increase in inquiries for new work during the three months to the end of September, compared with the previ-ous three months, which augured well for future orders. The high level of work, per-ticularly in the south-east of England, has increased demand for skilled labour and

Nearly 90 per cent of compa-nies reported difficulties in acquiring bricklayers and car-penters. About 60 per cent of companies reported difficulties in finding plasterers — a slightly lower reproduction than

slightly lower proportion than in previous months.

The proportion of concerns reporting serious delays due to manpower shortages had declined from 14 per cent in June to 8 per cent last month.

Yorkshire growth starts to slow

By ian Hamilton Fazey, Northern Correspondent

THE Yorkshire and Humberside economy - which contrib-utes nearly a tenth of the UK's gross domestic product and is regarded as a good national indicator because of its broad mix — has started to slow. according to the latest eco-nomic survey by the region's association of chambers of

Domestic orders appear to have reached a plateau in the third quarter of the year, export activity has stabilised at a low base, there are fewer new jobs and companies are writing down next year's sales fore-

Confidence appears to have been shaken by high interest

rates, which the survey reveals as by far the biggest current worry in industry and commerce, followed by local anthority rates, the exchange rate and general inflation.

Neither interest charges nor inflation have figured as such major worries for several major worries for several years. However, with problems in finding the right staff, most companies appear resigned to absorb the slowdown next year through lower profits, rather than shedding jobs.

Mr Peter Coles-Johnson, regional secretary of the association, said last night: "We are not at the nanic button

are not at the panic button stage, but our figures suggest that the situation has got to be monitored and managed care-

"Our message to the Chan-cellor of the Exchequer is to be very careful about not letting interest rates go higher. The economy must be watched to ensure that it does not slip into recession. With careful management, we may get the soft landing that the Chancellor wants."

Mr Coles-Johnson said the regional economy – driven by the buoyancy of West Yorkshire in particular — had been overbeating and needed to come off the boil. One sign had been that some companies had been turning orders away for lack of skilled staff.

Warning on machine tool purchases

HIGH interest rates and rising inflation have harmed the confidence of industrial companies and are causing them to hold back on re-equipping factories, according to Mr Keith Bailey, president of the Machine Tool Trades Association.

Speaking at the annual din-ner of the association which

represents manufacturers and importers of machino tools, Mr Bailey said re-equipping compared poorly with some of Britain's main industrial com-

only half the levels of 1979. Per capita investment in machinery last year in the UK was only half that of West Germany and the US and a fifth

Machine tool purchases in the UK had improved sharply this year after a long period of stagnation but were still at approach," Mr Bailey said.

Construction orders surge | Disney joins | Judges consider retrospection Murdoch's of Financial Services Act satellite By Raymond Hughes, Law Courts Correspondent

A WELL-KNOWN City figure being investigated by inspec-tors appointed by Lord Young. Trade and Industry Secretary, under the 1986 Financial Ser-vices Act, has challenged the inspectors' right to investigate business he carried on before the act became law

MR RUPERT MURDOCH has succeeded in attracting the Disney channel of the US to join his package of Sky television satellite channels. the act became law.

Two judges in the High Court, who have directed that the applicant — referred to as "R" — must not be identified, are considering their ruling on whether the act is retrospective. Sky, which plans to launch four television channels on the Luxembourg satellite Astra on

Internating satellite Astra on February 1, will announce today the addition of a fifth channel – Disney.

It will be possible to receive all five channels over most of the UK with a 60 cm dish and receiving equipment costing about \$250. about £250.

The Disney channel, which

The Disney channel, which features cartoons and general family entertainment, will be part of a subscription package that includes the Murdoch film channel, Sky Movies, and possibly later the sports channel, Eurosport. The other Sky channels will be financed by advertising.

Mr Murdoch, chief executive of News International, has made clear he is also interested in a sixth channel, possibly for classic films.

Disney is particularly keen

channels

By Raymond Snoddy

Disney is particularly keen to bring its cable television channel to Europe to provide additional publicity for the Disneyland being built near

Mr Murdoch wants to get as many channels as possible in his package of programmes to give the public a greater incen-tivo to buy or rent the receiv-

ing equipment.

Apart from films, sport and Disney, Sky television will offer Sky News, a 24-hours-aday news channel, and Sky itself, the general entertainment satellite channel. Sky was launched six years ago and is still not in profit.

Sky television is a huge financial gamble for Mr. Murdoch who has said he intends to spend £100m a year on programmes. Some estimates put the total cost of Sky television at more than £200m a year.

The Astra satellite, financed

The Astra satellite, financed

The Astra satellite, financed privately by European financial institutions and by a number of Britain's ITV companies, is scheduled for launch on December 9. If all goes well the satellite will begin broadcasting on January 20.

Sir George Jefferson, former chairman of British Telecom, has been appointed chair-

com, has been appointed chair-man of City Centre Cable, the company hoping to create a local London television chair-nel, writes Joel Kihazo. Mr Brian Deutsch, who has

been chief executive and chair-man of City Centre Cable, remains chief executive but now becomes deputy chair-

City Centre Cable, which is backed by Prudential Bache, the US financial group, has applied for the cable fran-chiese covering homes in path east and west London north, east and west London.

Mirror to close printing plant By Lynton McLain

THE Daily Mirror is to close its black and white printing plant in Withy Grove, Manchester, from next weekend, with the loss of about 250 jobs. The decision is part of a strategy for the Daily Mirror, the Sunday Mirror and The People to be printed in colour by January.

The redundancies come after direction over harmining.

a dispute over bargaining rights had been referred to a TUC conciliation committee, which had been unable to

which had been make to reach a solution.

Printing will be transferred to a new colour printing plant in Oldham, where about half the 500 staff at Withy Grove will be offered jobs.

Electricity board names advisers

THE South of Scotland Electricity Board has appointed two stockbrokers to advise it on its impending privatisation and act as joint brokers in its flotation.

They are Phillips and Drew Securities in London, and Parsons Penney, the Glasgow firm which is part of Allied Provincial, the UE-wide broker.

NOTICE TO HOLDERS OF KAO CORPORATION U.S. \$200,000,000 4% per cent. Bonds due 1993 with Warrants. (the "Boads with Warrants")

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Dated: November 21, 1988

The issue arose at a judicial

review at which "R" sought a declaration that investment business within the meaning of the act did not include business carried on before December 18 1986, when the act came into force.

into force.

Section 105(1) of the actrefers to investigation of "the affairs . . . of any person so far as relevant to any invest-ment business which he is or was carrying on

been carrying on."
Mr Anthony Arlidge, QC, for
"R", said that on May 19 inspectors had been appointed to investigate his affairs under section 105. On May 20 the inspectors had requested the production of documents going back to 1982.

That had given rise to two issues: whether inspectors issues: whether inspectors were empowered to investigate matters prior to December 1986, and whether the business carried on by "R" was, in fact, investment business.

"R" had protested about the width and length of the request in due course much

request. In due course much more limited requests going back only to early 1986 had been made and provisionally compiled with.

Later a much wider request
going back to 1984 – had
been issued which "R" had
complied with in part. In relation to the other part, at the end of July the inspectors had

appears . . . to be or to have indicated that they were referring the matter to the DTI to see what action it proposed.

Mr Arlidge said the Financial Services Act was the first time in English law that an individual was in effect compelled to answer questions and to disclose documents to inves-

It was, Mr Arlidge said, It was, Mr Arlige said, plainly a considerable departure, as far as individuals were concerned, from the previous position in law, and if it was to apply to before the act came into force as well as after, clear words would be needed to effect that.

The act he said was essentiating the said was essentiated to the said was essentiated to the said was essentiated.

The act, he said, was essen-tially forward-looking. All its tially forward-looking. All its provisions appeared to relate to a new regulatory system and it completely changed the way in which investment business was carried on in the UK. The affairs inspectors investigated under the act had to relate to investment business, Mr Arlidge said.

Police cuts trigger Ulster row

A POLITICAL row has erupted in Northern Ireland over a decision to close 11 limitedopening police stations as part of a cost-cutting exercise by the Royal Ulster Constabulary. the Royal Ulster Constabulary.
Unionist politicians are furious that the RUC is scaling down what it terms "normal policing operations" when the threat posed by republican and loyalist paramilitary groups appears to have intensified.

A total of 80 posts in the traffic branch, community relations and crime prevention departments are being cut in a

departments are being cut in a range of money-saving mea-

Sir John Hermon, chief con-stable, said the RUC regretted the cuts, which were being force's operational thrust. The cuts were attacked by the Police Federation and the RUC's Superintendents' Associ-

ation, representing most of the It has been estimated that the measures will save about £2m of the RUC's £350m annual

budget. The RUC said the cuts were needed to meet financial pres-



sures in the police budget and ensure that resources were targeted at priority areas.
Mr Alan Wright, the Ulster
Police Federation chairman,
said: "We deplore the cuts and
the reasons for them."
The Rev Ian Paisley, leader

of Ulster's Democratic Unionist Party, said he deplored the move which was scandalous in .

cial Unionist Party's security spokesman, was highly critical
of the decision to reduce community policing.

Mr Maginus said: "I believe
it is wrong to remove police
officers from the community at

the very time when I think they should be in even greater contact with people on the

ender of the Official Unionist Party, has challenged the Gov-ernment to hold a referendum on the Anglo-Irish agreement. Speaking at his party's annual conference in Portrush at the weekend, Mr Molyneaux sald it was futile for Unionists to continue tabling proposals to the Government, which had rejected Unionist offers to help improve Anglo-Irish relations. He added that it was impossi-ble for any minister to argue that the accord would bring peace, stability and reconcilia

Delegates at the conference voted unanimously in favour of a motion calling on the Govthe light of the present secu-rity situation. enument to remove the cles to discussions at Mr Ken Maginnis, the Offi-alternative agreement. ernment to remove the obsta-cles to discussions about an

Student grant plans clarified

By David Thomas, Education Correspondent

THE Government has cleared up fears that a loophole in this month's white paper on student loans could have resulted in parental contributions rap-idly replacing government grants as the mainstay of stu-den maintenance as the new system of student loans is phased in.

The Department of Educa-tion and Science acted swiftly to resolve a number of ambiguities in the white paper in a letter to the National Union of Students, published today.
Although the white paper stressed that the combined

value of parental contributions and government grants in sup-porting students would be frozen after 1990-1991, when loans are due to be introduced, it gave few details as to how this would be done.

This led to speculation that the scales determining the rate

of parental contributions would be frozen, which would have meant these contributions rising rapidly as parents' incomes increased until the Government's contribution to maintenance had been elimi-

The DES rules this out, say-

ing that the parental contribu-tions scale will be re-indexed annually. The hasls for the change will not be the retail prices index, since incomes have tended to rise more rap-

The Government intends that the proportion of government grant and parental contribution in student mainte-nance will not change as the loans are introduced. The letter also stresses, contrary to some earlier reports, that there will he a final

in 1989 to 1990 and 1990 to 1991.

idly than prices.

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about illness, will be much less effective at work. A sick salesman cannot sell, a sick accountant cannot control the finances, a sick technician cannot keep prodoction

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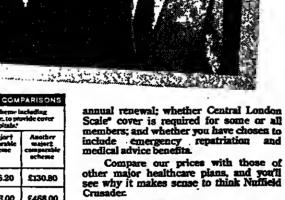
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From Robert Maxwell, Chairman and Chief Executive Officer

FOR THE INFORMATION OF OUR AUTHORS, STAFF, CUSTOMERS, SUPPLIERS, AND FRIENDS

AN OPEN LETTER TO THE SENIOR EXECUTIVES OF MACMILLAN, INC.

November 16, 1988

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Today's newspapers are filled with stories of corporate executives who put their personal interests ahead of their responsibilities. My purchase of Macmillan, Inc. provided each one of you with an opportunity to do the same. Under the terms of your personal contracts, you could have elected to invoke "golden parachutes" for yourselves worth many millions of dollars. You did not. Instead, you've made a commitment to stay and to help lead Macmillan into an even brighter future. I am also delighted that William F. Reilly will remain at Macmillan as President.

By refusing to abandon your fellow employees, your customers, the communities you serve and the company you've worked so hard to build, you've set an example for the entire business world to admire and for your peers in corporations around the globe to emulate.

I want to state publicly my appreciation for the selflessness and dedication that each of you has demonstrated. Your commitment to the company, the profession and to the 9,000 people of Macmillan worldwide confirms what I have believed since I first became interested in Macmillan: that its management team is one of the company's most valuable assets.

The days ahead will no doubt be filled with many new challenges. But you have demonstrated that you are equal to the task, and I look forward with great anticipation to working with each of you personally. I have every confidence that as we build on the excellent foundation you have established, our mutual efforts will enable the combined Maxwell-Macmillan company to realize its destiny of leadership in the global publishing industry.

Robert Maxwell

Chairman and Chief Executive Officer

P.S. I now understand why Mayor Ed Koch telephoned to congratulate me on the purchase of Macmillan. He knew what most keen observers knew. That keeping Macmillan together—rather than breaking it into pieces as others had planned—is best for all concerned. Your actions have made this possible.

Stephen M. Adams, Senior Vice President, Publishing Group

Thomas T. Beeler, President, G.K. Hall & Co.

Elio Boccitto, Vice Pres., and Pres., Berlitz School of Language

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Registered Office: Headington Hill Road Oxford OX3 4BX Registered in London 297463.

Bryant Construction Invest in Quality -Solihull-Bracknell-

Caribbean power supplies

BALFOUR BEATTY, in joint venture with Higgs and Hill Overseas, has been awarded a £10m design and constructioo contract by St. Lucia Electricity Services (LUCELEC) for a 12MW power station together with the civil construction and services for four 66kV sub-sta-

The contract forms part of LUCELEC's 1986-1989 development programme and is funded from loans provided by the Corporation and the European Investment Bank. The project is programmed for completion in January 1990.

Mixed bag for Tarmac Group

Private and public sector projects worth about Ellm have been ewarded to TARMAC CONSTRUCTION. They include building a coating plant at Runcorn, Cheshire, for Stone and Webster Engineering (£2.9m); 45 flats and offices a Torquay, for Cranham Field Developments (£2.8m); offices, drainage and external works at Preston, for Fellgate House (£998,000); and refurbishing a building at Soutboort, for Phillips Components (£415,000), Several contracts have also

been awarded to the contract bousing division. They include work on local authority bomes at Stretford, Greater Manches-ter (£970.000); Solibuli (£790.000); Kirkby, Liverpool (£600.000), and Sale, Cheshire (£250,000). Tarmac Refurb has a £1.2m

contract for altering and refur-bishing The Windsor public

house in Cannon Street, Bir-

mingham.

CONSTRUCTION CONTRACTS

Boscombe shopping complex



M JONES CONSTRUCTION has started work on e £15.5m cootract to build e shopping centre for Standard Life io Christchurch Road, Boscombe

near Bournemouth. The scheme, known as the Soverelgn Ceotre, will be con-structed in reinforced concrete, clad in honey coloured brick with blue inlaid detail. The contract includes the constructioo of a 639 space multi-storey car park, using the lift slab

technique. its main entrance in the Sover On completion of the 73eign Centre, and a new road junction with two roundabouts week contract in April 1990, the centre will provide a total of 140,000 sq ft of retail space, including e 50,000 sq ft super-store for Safeway. The centre will improve traffic access to

Designed by Leslie Jones Architects, the 29 retail units will be arranged around a cen-tral water feature, and will all be linked by malls that have been designed to gain maxi-mum natural light from the

Office buildings at Heathrow

WILLETT, a Trafalgar House Company, has been awarded a £14m contract to construct office units at Heathrow, for House Developments.

Located on the William Byrd
Park Development, off Batb
Road, the project will involve

the construction of foor office buildings of varying sizes. The scheme coosists of a four-storey "L" shaped block of 47,500 sq ft, two similar shaped three-storey blocks of 22,500 sq ft and 28,500 sq ft, and a two-storey "U" shaped building of

27,500 sq ft. Traditional pad foundations will be used on each of the steel-framed buildings, which will be constructed using a combination of decorative bricks and curtain walling, to create glazed feature bays on every elevation.

will be on two storeys, with roof-top servicing. Roof works will also include the construc-tion of glazed canoples over

the shopping malls.

A bus station is also being constructed, which will have

The contract entails the installation of comprehensive internal finishings, including raised flooring throughout, fixing snspended ceilings, together with all electrical and air conditioning services and lifts. All four structures have been designed by architects Geoffrey Reid Associates. To accommodate Civil Aviation Authority guidelines, because of the proximity to the nearby airport, the development will incorporate low profiled hitched slate roofs.

Willett will also undertake a variety of external works, including associated drainage, construction of a site entrance and a 620-space car parking facility, and a variety of soft landscaping. Completion is scheduled for Spring 1990.

Welsh workload for Wimpey

The South West and Sonth Wales region of WIMPEY CONSTRUCTION UK has been arded contracts in Wales

totalling more than £10m.
The Welsh Development Agency has awarded a \$4.4m contract for the first phase of the extension to the Ynysmaerdy industrial Estate, Lian-trisant, Mid Glamorgan. The work involves infrastructure works to the whole of the proposed development of some 40 acres, together with the con-struction of six detached factory units, two of 900 sq

metres, one of 1,440 sq metres, two of 2,268 sq metres and one of 4,752 sq metres. The buildings will be of steel frame construction with trussed rafters and hipped roofs, metal clad external walls with faced brickwork to dado height on all ele-

Work has started on the fit-ting-out of the 6,750 sq metre Tesco superstore at Parc Troste, Llanelli, recently completed by Wimpey. The £2.5m contract includes precast terrazzo tile flooring to sales areas; semi-vitreous tile floor-

ing to kitchens, toilets and ing to kitchens, toilers and preparation areas; the service installations, dock levellers and scissor lifts, and a petrol filling station. Fitting out is to be completed for occupation at the end of February next man the end of February next year. At Newport Road, Cardiff,

work has started on the Citylink retail development for Oldway Property Corporation under a £3.3m contract to be completed in March 1989. The 6,000 sq metre scheme will pro-vide a restaurant and two snperstores for Children's World and Habitat.

COMPANY NOTICES

NOTICE OF PREPAYMENT



ECU-Denominated Floating Rate Notes due 1995 resulting from the exercise of Warrants attached to US\$ 200,000,000 Floating Rate Notes due 1995

In accordance with the Terms and Conditions of the ECU-Denominated Notes, notice is hereby given that Crédit Foncier de France will prepay, at par, on the next, Interest Payment Date i.e. December 29, 1988, all the ECU-Denominated Notes remaining outstanding (i.e. ECU 227,564,000).

Payment of interest due on December 29, 1988 and reim-bursement of principal will be made in accordance with the Terms and Conditions of the ECU-Denominated Notes. Interest will cease to accrue on said Notes as from December 29, 1986.



CHEMICAL NEW YORK COMPORATION USD 300 Million Finaling rate noise due 1867

Notice is hereby given that for the period 21st November 1988 to 21st February 1989, the above mores will care par interest rate of 9½ per caret per annum. Interest payable on 21st February 1989 will be USD 1,181.94 per USD 50,000 note.

RENTALS

KENWOODS RENTAL

QUALITY FURNISHED FLATS AND HOUSES Short and Long Lets 23 Spring St., London W2 LIA Tel: 01-402 2271 Telex: 25271 Fax: (01) 262 3750

SOHO SQUARE LONDON WI 9 Luxury spartments ideally situated for company purchanes 7 of which are " beds 1 one bed with balcony One studio All with 99 year leases E110,000 ~ £250,000. Subject to contract. Ashley-Shepperd 01 494 0389

Park Rd - NWS - 2 bed self contained, billy survivined executive Susie, porterage, well situated for Virest End and city. Magnificent views over Regents Park, C100 per cale-der month including rates, Tel: 01-800 4797 for Surfree defauls.

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FINANCIAL TIMES

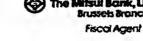
BBL (CAYMAN) IJD. unconditionally guaranteed by



US\$50,000,000 **Hoating Rate Notes due 1994**

For the six months November 21, 1988 to May 22, 1989 the Notes will carry an Interest rate of 95/6% p.c. As a consequence the coupon pertaining to this interest period will be US\$23,539.93

> Listed on the Luxembourg Stock Exchange The Mitsul Bank, Limited





Kingdom of Denmark

US\$ 250,000,000 Floating Rate Notes due May 1995

In accordance with the description of the Notes, notice is hereby given that for the interest period November 18, 1988 to May 18, 1989 the Notes will carry an interest rate of 10% per annum.

The interest payable on the relevant interest payment date, May 18, 1989 against coupon no 8 will be US\$502.78 for each US\$ 10,000 Note.



The Agent Bank KREDIETBANK

CONTRACTS & TENDERS

SOKOTO AGRICULTURAL AND RURAL **DEVELOPMENT AUTHORITY** INVITATION FOR BIDS (IFB)

Please oote the following amendments to the above which was advertised oo the 6th September 1988.

Date of issuance of invitation: 31st October, 1988 Loan No: 2185 UNI ICB No: SARDA 10

A. In para I, the last line should read 'eligible member countries of the World Bank,

Switzerland and Taiwan, China.

B In para 2, the delivery time should be changed to 150 days.

C In para 5, bid bond or bank guarantee equivalent to the following:
US DOLLARS 15,000 OR N70,500 FOR CATEGORY 1
US DOLLARS 45,000 OR N211,500 FOR CATEGORY 2 US DOLLARS 10,000 OR N47,000 FOR CATEGORY 3

US DOLLARS 30,000 OR N141,000 FOR CATEGORY 4

US DOLLARS 74,500 OR N350,000 FOR CATEGORY 5 D. In para 6, the date of issuing of bid documents as 31st October, 1988 and the closing date for the bids as 12th January, 1989.

E. Please note that the following paragraph has been added:
Interested bidders may bid for a single category or a combination of categories.
Bids will be evaluated separately for each category.

DIARY DATES

FINANCIAL

Morgan (LP.) but Finance Gld FTM's 20.51 COMPANY MEETINGS.
Courtvey, Pepp Hidge, Lilline Rose, 1
Upper Sarcies Street, W., 11.00
Galliford, Pennins Nall, Pennins Lar.
Watmley, Suline Coddited, 12:18
HTV, Curvertonus Cross, Cardil, 12:39
Meaunders (bohn), The Holdey fine Grown
Places, Petr Sints, & Sessio, The Growners
House Hotel, Result, The Growners
House Motel, Park Lone, W., 11:30
BOAND MEETINGSPents.

Objects Currency France Pf Internaged Comm-1.040p on (USS) 28.2760e o. (USS) 28.2760e o. (Chil) OMAO.6572 o. (Yen) YES.97 ESTEM 19 Venators in Industry Frat. Gld FFIN's 1884

Processed 2.79
Royal Bank of Garanda 52cts
Sherwood 1.8p
Stacky 4p
Stacky 4p
Throgmorion Dual Trust 4p
PREDAY NOVENEER 25
CORPANY METINGS
BM Graup, Ironmongers Hell, Shaftestury
Placa, The Barblon, 11.30
Great Universal Stores, Chartered Insurance Institute, 20 Aldermanbury, E.G., 12.00
BOARD MEETINGSPlants

Moss Tat. Perpetual

Pict Petroleum Scutish Cities inv. Tet. Interiors:

Alexandra Workweer 1.5
Anther 1.4-p
CCA, Publications 0.9p
CCA, Publications 0.9p
Cockeon 2.5p
Deum & Bowes 2p
Delyn Puckaging 0.45p
Dereithon 14tl, 0.7p
Early's of Whitesty 0.315
Eston 50cc
Castlored 2.5p
LTV. 8p
A.V. 8p

Cantord 2.5p H.T.V. 8p Higgs & Hitt 4p How 1.125p Icaland Frozen Foods 1.7p

Jackson 1.39
Lating Props. 4.59
Lanca 0.759
Linyd Thoroporus 3.359
Linyd Thoroporus 3.359
Linyd Thoroporus 3.359
Jacksony (Hugh) 2p
Hazarden (John) 2.19
Hazarden (John) 2.19
Hazarden (John) 2.19
Hazarden (John) 2.19
Personal Computers 2.19
Primadons 1.259
Primadons 1.259
Primadons 40cts

TOSS HATT FOL. PM. CARRE S TO TSS Ver Ratio FRIME 2003 E301.84 Thorpe (F.W.) 3.50 SATURDAY NOVEMBER 28 SEVICENO AND REFERST PAYMENTS-Berry, Birch & Noble 1.89.

Witehaw
DIVIDEND AND INTEREST PAYMENTSAon State
Bariner (Charles) 12p
Sejam 2.75p
Brant Charlesis 1.25p
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Cediusy Schwispes 2.4p DRG 4.7p Doetlet 1.15p Druck 4p lealron 1.44p Coursey, Pope 4.5p Emass 3.4p Erith 1.3p Estates 8 Agency 2p Heropden Homecare 0

Alenda, 2.30

SCARD MECTINGSPleniac
Marine Adverture Salling Trust
Parinery
Recio City
Interimen
Christie
Chr

Jamesona Chocolaise 2p
Jameson (S.) S.D.
Sea Containers 19ets
TSB Offshore Inv Fd. Pf (Blos Chip & Gift
Edged Classe) 1.5p
On. Prt (Managed Currency Class) 3.75p
Treasury 1-5p 1981/2001 7pc
Treasury 2-1pc 1-1598 15.987
WEDWESDAY NOVEMBER 23
COMPANY MEETINGSArmour Trust, Cittion Chance citicis,
Blackfriars House, 19 New Bridge Street,
E.C., 12.00
High-Point, Institute of Directors, 116 Pell

High-Point, Institute of Directors, 116 Pell Man, 12:00 Manganese Gronze, 1 Love Lane, E.C., 12:00 TSW. The Stedies, Durry's Cross, Physi-

12:00
TSW, The Stedies, Derry's Cross, Physics, 2:00
Trailord Park Estates, United Trailing
Estate, United Road, Old Trailord, Manchester, 12:03
BCARD MEETINGSProvisc.
Color Radio Chyde
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beartess:
BAT Inds.
Stacks Leistere
Broad Street
Coutsaids
Hoog Robinson
Rry Merchant Day,
Less (14.1)
Less (14.1)
Magnet
Marston, Thompson & Eversted
Werburg (S.G.)
DIVIDEND AND MITSREST PAYMENTSCray Bestrantics 2.5p

Cray Electronics 2.5p
Estates 2.5 Gent, laves, 1.1p
Gent (S.R.) 1p
Huitles B. 3. FFW's 1908 C148.46
Intl. Colour Management 0.5p
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Trade Fairs and Exhibitions: UK

November 22-27 Antiques Fair (04447 2514)

November 22-25 International Pharmaceutical Cosmetics, Toiletry and Allied Industries Exhibition INTERPHEX (01-891 5051) NEC, Birmingham November 24-27 National Festival of Crafts

National (04252 72711) NEC, Birmingham November 29-30 Institute of Gas Engineers meeting and exhibition (01-245

9811) Wembley Conference Centre

Overseas Exhibitions

November 23-29 International Garment Manufacturing Equipment and Machinery Exhibition - GAR-MENTECH (01-236 2399)

November 30-December 3 International Office Environ-ment Show - JAPAN OFFICE

November 29-December 3 World Travel Market (01-940 Olympia

Cash and Carry Fashion Show (01-727 1929) Kensington Town Hall December 5-8 Royal Smithfield Show & Agri-cultural Machinery Exhibition (01-235 0315)

Earls Court December 9-12 Clothes Show (01-834 1717) December 16-17 Cash and Carry Fashion Fair (01-727 1929) Kensington Town Hall

November 27-December 4 International Tourism Exhibi-tion — TOURISTICAFRANK-FURT (01-734 0543)

(01-486 1951) Tokyo

December 1-4 Art and Antique Dealers Exhi-hition — VKA (01-236 0911) December 7-16 Children's World Exhibition

(01-437 3344) December 8-11 Singapore Informatics Exhibition (01-589 1943)

December 13-16 International Defence Equip-ment Exhibition and Conference - DEFENCE ASIA (0494

Business and management conferences

Financial Times Conferences: Europe 1992 and beyond: stra-gies for European business European business forum - 1992 (01-925 2323) Hotel Inter-Continental, London December 1-2 Financial Times Conferences

November 23-24 Spectra: Electronic marketing forum (01-925 2323) in retailing (0734 320177) Connaught Rooms, London Tolley Conferences: Compli-ance for accountants a practical conference on the obliga-

tions of auditors (01-686 9141) London Press Centre November 25 Qubix Conferences: A case for change-the challenges facing the legal profession today (01-861, 1971) City Conference Centre, Lon-

November 29-30 Financial Times Conferences: Private health care (01-925 Hotel Inter-Continental, November 29-80-London Chamber of Com-

East; the challenges of change (01-248 4444) November 30 Iran (01-749 1474)

merce: London and the South

December 1-2 Financial Times Conferences

Grand Hotel, Rome Venture capital financial Hotel Inter-Continental

December 1 Elsevier Seminars: Computers in financial trading (0865

Tara Hotel London December 5-6 Royal Institute of International Affairs/British Institute of Energy Economists/International Association for Energy Economics: Third international energy conference (01-930 2233) Chatham House, London

December 5-6 Financial Times Conferences: The outlook for oil (01-925 2323) Hotel Inter-Continental,

December 5-6 FIBEX: National finance directors' conference (01-837 1133) Le Meridien Hotel, London

Tradelink: Doing business with ran (01-749 1474)

Copthorne Hotel, Birmingham

Tryone with the control of the countries (01-381 1284)

Clasters Hon

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there have been no changes to the details published

PROPERTY RESEARCH

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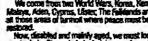
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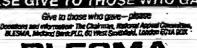
FINANCIAL TIMES

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THE FIRST STEP



PLEASE GIVE TO THOSE WHO GAVE

BLESMA BRITISH LIMBLESS EX-SERVICE MEN'S ASSOCIATION

FINANCIAL TIMES CONFERENCES

WORLD TELECOMMUNICATIONS London, 13 & 14 December, 1988

The world telecommunications industry is being buffeted by a combination of rapid technological change and a steedy reduction in long-established harriers to competition. These developments and likely trends will be debated by an authoritative panal of speakers including Bryan Cersbarg, Diractor Generel, Offica of Telecommunications, Yasuo Otaki, Deputy Director-Genaral, Communication Policy Bureau at the Ministry of Posts and Telecommunications, Japan, Desmond Hudson, President, Northern Telecom, Sir Eric Sharp, Chairman and Chief Executive, Cable and Wireless and Edward Staiano, Executive Vice President & General Manager, Motorola. The changing anvironment in business communications and data networks will be reviewed by Patrick Whitten, Managing Director, CIT Research, Jim Norton, Director, Industry Studies et Butler Cox and Ray Reardon, Head of International Networks Integration.

PRIVATE HEALTH CARE

This conference will examine major issues facing the privete health care sector in Britain including the importance of co-operation between the public and private sector, employee health care, new dimensions in health Insurence end the care of the elderly. Speakers will include: David Mellor, Minister of State for Health; Robert Graham, BUPA; David Willetts, Centre for Policy Studies; Harriet Harman, Opposition Spokeaperson on Health; Marvin Goldberg, AMI; John Chawner, BMA; Derry Andrews, Sun Allience Heelth First; Peter Townsend, Bioplan Holdings; Paul Stacey, Nuffield Haalth Care; Ken Bioplan Holdings, Fall Statey, Number Haalin Care; Nen Grant, City & Hackney District Heelth Authority and Professor Jan Blanpain, Chairman of the European Health Policy Forum. The conference will be chaired by William Laing of Laing & Buisson and Professor Alan Maynard, Director of the Centre for Health Economics.

EUROPEAN BUSINESS FORUM - 1992 AND AFTER Rome, 1 & 2 December 1988

This blannial conference has become one of the most successful events on the Financial Times' calender. This is the Monnet Centenary year as well as that of the Financial Times and Valery Giscard d'Estaing, the former French President, has accepted the invitation of the Financial Times to deliver the Jean Monnet Mamorial Lecture which will be the main teature of the second afternoon of the forum. Glovanni Agnalli, Carlo De Benedetti and Romano Prodi will be among the leading Italian speakers and the chair will be taken by Denis Healey and by Carlo Ripa di Meana, Member of the Commission of the European. Communities. Other contributors include Laon Brittan, Former Prime Minister of Italy. Speeking on Italian banking, e subject of considerable international interest todey la Paolo Beretta, Mamber of the Executive Committee at ABI.

All enquiries should be addressed to the: Financial Times Conference Organisation, 126 Jermyn Streat, London SW1Y 4UJ. . Tel: 01-925 2323 (24-hour answering service) Telex: 27347 FT CONF G Fax: 01-925 2125

Year in, year out, Cadbury Schweppes' management gets bigger returns from Down Under.

Canaly Schreppes management proven in the market place. Canaly Schreppes management proven in the market place.

MANAGEMENT PROVEN IN THE MARKET PLACE, MANAGEMENT PROVEN IN THE MARKET PLACE.

Over the last few years Cadbury Schweppes' business has been booming in Australia and New Zealand.

Pre-tax profits have risen at a compound annual rate of around 20%. And as if that weren't enough, return on average assets employed has consistently improved to nearly 34% in 1987.

So just how has this excellent growth record been achieved?

In a word, consistency.

Cadbury Schweppes simply applied exactly the same principles Down Under that the Group's management operates over the rest of the world.

A Capital Idea.

One of the first steps
was investment. Capital
expenditure over the
last five years has
totalled a cool A\$155
million. As a result of
this policy significant improvements in

efficiency and productivity have been achieved.

This in turn helped to liberate funds for

This in turn helped to liberate funds for marketing investment with the objective of strengthening the existing brand portfolio

and providing a firmer foundation for even more growth.

However, organic development is not the only way to grow.

Good Buys.

Cadbury Schweppes' management went shopping, and with some success.

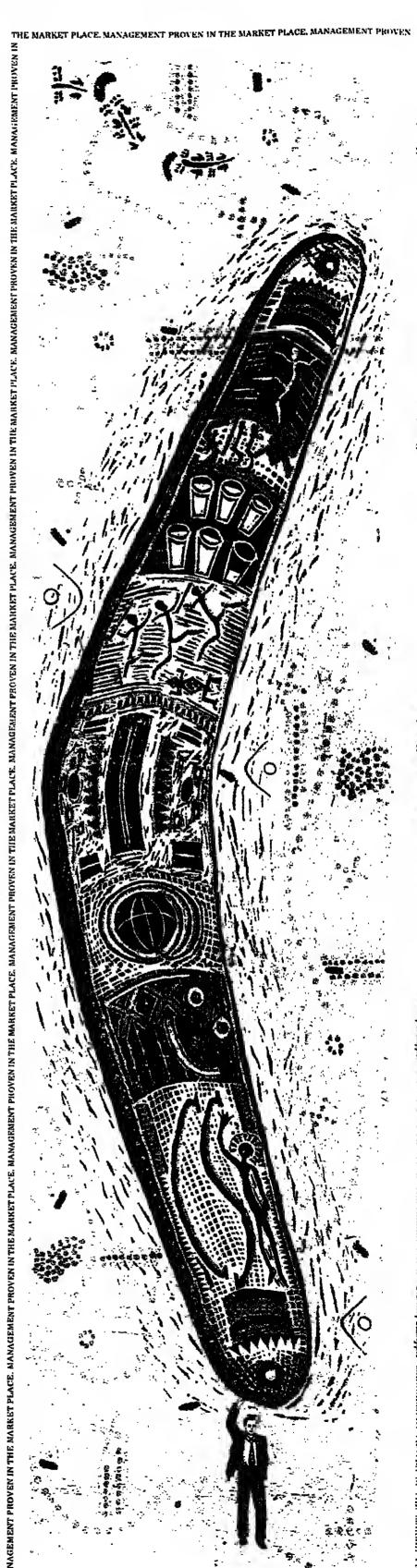
First, the Beatrice operation acquired last year, followed by the Woodroofe soft drinks business. Both acquisitions coming complete with the all important strong local brands.

As Cadbury Schweppes p.l.c. Chief Executive, Dominic Cadbury says, "Profit growth has continued in the first half of 1988 and Australia is just one example of how our management is making the Group's assets work harder for its shareholders".

Castury Schweppes

MANAGEMENT PROVEN IN THE MARKET PLACE

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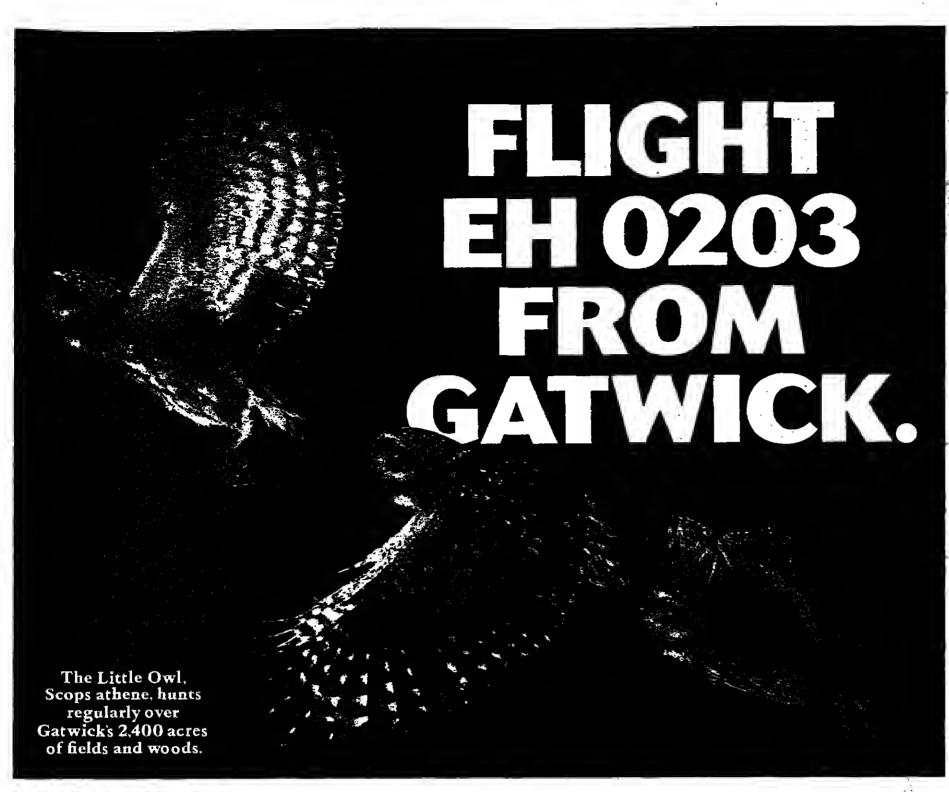
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When naturalist Gerald Durrell goes on safari at the world's second busiest international airport, anything can happen. So welcome to Gatwick, where the jumbos co-exist happily with a herd of roe deer and where the first flight from the new £210 million North Terminal was a little owl.

I have been to see animals and plants in some extraordinary places: frozen Russian tundras, the Brazilian rain forest, burning Australian cactus-prickly mountains, the deserts of Southern Arizona.

I have searched for creatures by helicopter, on horseback, from balloon and canoe; in catacombs and cemeteries, underwater and underground.

But I never thought I would be coming to see animals and plants at the world's second busiest international airport.

It was therefore with a certain scepticism that I boarded the canary yellow Land Rover that was to carry us on our mini-safari to the wilds of Gatwick.

The lovely

damsel fly, Agrion

splendens, rests

between aerobatic

Our guide was Alan Baldock, who has worked at the airport for twenty years and appears to know every field, tree, bird and animal intimately.

The tour began where the River Mole emerges from a concrete culvert that channels it under the main runway.

"See how it's reverting to nature," said Alan enthusiastically. "Fish lurk about in the mouth of it. There are stalactites growing inside and a thriving colony of bats live there."

(I wonder how many of the twenty million people who landed or took off at Gatwick in the last year

knew they were doing it over a bats' roost.) "Look, aerobatics!" cried Lee, my wife, suddenly. Startled, I looked up, but it's not the Red Arrows buzzing the control tower, it was a pair of blue Agrion

sensitive to pollution As they're very one would hardly ex pect to find them at the world's No.2 inter/national airport. (The

new North Terminal, I am informed, will enable the airport to handle some twenty-five million passengers a year.)

With 114 airlines flying in and out - and more international travellers than New York's

Kennedy Airport - you'd expect the environment to be inimical to wildlife. But from what we saw, clearly it isn't.

Sticklebacks, roach, dage and even pike swarm in the sherry brown water of the river, and Lee and I saw the opalescent flash of a kingfisher hunting from bank to bank.

'The woods nearby are full of plants with wildly poetic names - Adder's Tongue Fern, Enchanter's Nightshade, Dog's Mercury, and something that should surely be banned from airports - Yorkshire Fog.

> We moved slowly downstream, to where the Mole has been carefully diverted to make way for the North Terminal.

The massive amount of soil this generated was raised into huge environmental banks, which screen the new terminal and house its central heating boilers. Foxes use them as sun

beds and they also provide a fine larder of voles and field mice for the stoats, weasels and owls that live in the area. (Little owls, plentiful in the Gatwick area, often carry leg rings with numbers that sound

like airline flights.)

on the River Mole. That the ecology is in good shape is evidenced by the presence of so many predators. In a crisis, the animals at the top of the food chain are the first to suffer.

Next on our agenda was the airport's longterm car park whete I was amazed to find that,

since the mid-seventies and planted nearly half a million trees and shrubs.

At the height of summer, looking after the airport's fifty yard thick perimeter belt of trees can be a full time job for several men.

The river Mole's new floodplain, Alan said, is to be planted with rare wetland plants. He pointed out a hemlock waterdropwort with its fern-like foliage.

"Deadly," he remarked with gloomy relish, A Bee Orchid and the conver- of the kind the sation turned to ops men were the nasty surprises seeking. that some of the most innocent looking creatures can give a naturalist.

In Australia, for example, I take great care with the Duck-billed Platypus, so charmingly like Donald Duck in a fur coat, but with venomous spurs on its legs. And I always watch myself around hippos and elephants during the mating season for fear of being mistaken for a rival.

"It can get a bit like that here," said Alan, "in the breeding season. The bucks get all uppity with each other."

Bucks? Did he say 'bucks'? But after bats, pike and fine-leaved hemlock water-dropworts, why should it surprise me that there are roe deer living within four hundred yards of the runway. (Kept off it, I should add, by more than a mile of seven foot high deer fence.)

Sadly, the deer were shy, but in spacious green meadows framed with woodland we saw two herons pacing, grey as churchwardens in the



CONTEN

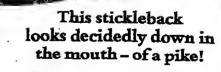
EXPANY

Twenty million people each year land and take off within 400 yards of a herd of wild Roe deer.

We soon discovered what they were after. The grass was full of baby frogs, glistening as if newly-enamelled.

All my life I have urged companies that own land to look after it responsibly. Not to damage the ecology. At Gatwick, BAA has shown that conservation and private enterprise can

co-exist.



For some time, we had been followed by two airport operations men in a yellow BAA Land Rover.

"Are they afraid I will pinch all your flora and fauna?" I asked Alan. He pulled over and the other vehicle came alongside.

"If you're looking for Bee Orchids, we'd like to see them too," explained the 'ops' men.

It was the perfect end to an extraordinary day. looking down on 14,000 vehicles, I could hardly see them for trees. damselflies. Like many other parts of the airport, it seems to blend into the rolling wooded Sussex landscape. BAA has spent more than £10 The world's leading international airport group. million at Gatwick on environmental work

Heathrow

It's a happy hunting

ground for grass snakes.

Gatwick

Stansted

Glasgow **◆**

Commence of the commence of th

The Kingfisher surveys his domain

Edinburgh 🔻

Prestwick

Aberdeen

APPOINTMENTS

Company secretary at **Reckitt & Colman**

m Mr David Citiford, company secretary of RECKITT & COLMAN, will retire in October 1989. He will be succeeded by Mr David Saltmarsh, who has been appointed company secretary from June 1. Mr Saltmarsh has been group treasurer since 1984. Mr Malcolm Ward, at present regional accountant. North America and Asia, in the group's London headquarters, becomes group treasurer from June 1. Mr Mike Turrell has been appointed managing director of Colman's of Norwich. He succeeds Mr Vernon Sankey who has become president of group subsidiary Durkee French Foods in the US. Mr

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■ Mr Gordon M.W. Owen, deputy chief executive of Cable and Wireless, and managing director of Mercury Communications, has been appointed a non-executive director of PORTALS HOLDINGS.

Turrell joined the company in 1963.

■ Professor William Taylor, vice chancellor of Hull University, has been appointed a non-executive director of J.H. FENNER (HOLDINGS). Mr director, has retired.

 Mr Andrew J. Sirett has been appointed group company secretary of THE WERNICK GROUP. He was assistant clerk to Brentwood District Council.



Mr Vincent Davidson has been appointed marketing director of PLATIGNUM. He joined the company in October last year when R.J. Gray (Holdings)

CL-Alexanders senior posts ■ Mr George Gibson has been

appointed managing director of CL-ALEXANDERS LAING & CRUICKSHANK EURO-SECURITIES. He joins from Deutsche Bank Capital Markets (London), where he was executive director in corporate finance. Mr Steven Astaire, deputy managing director in charge of sales and trading, was with Astaire & Co., as director (Eurobonds). Mr Mike Lawrence remains a director and will be in charge of new issues and capital

Mr Roland Dillon and Mr Lawrence Parnell have been promoted to joint deputy managing directors of TAYLOR WOODROW PROPERTY COMPANY,

■ Mr Graham Holgate has been appointed to the board of AEROSPACE ENGINEERING. He is managing director of Cooper Merseyside, a subsidiary.

Mr Philip Williamson has been appointed a director of UK LAND, and company treasurer. He joins from Lloyds Bank where he was a divisional manager of UK retail

TSB GROUP has appointed Mr Ted Ettershank as managing director of UDT Commercial Finance, the



Mr Peter Kingsley has been appointed finance director of INA BEARING COMPANY. He ioins from Coats Vivella.

Domino Amjet research post Dr Richard Frank Mitchell

has been appointed research and development director of DOMINO AMJET, Cambridge, the main operating company in the Domino Group. He was international development



Mr John Dangerfield has been inted financial director of

CORNISH BREWERY COM-

PANY, Redroth. He will also oversee the financial aspects

of two associates in the J.A. Devenish group - Devenish Free Traders, Honiton, and Seligman Free Traders, Bir-mingham.

group's factoring and invoice discounting arm. He was chief

executive of International

Pactors Ireland, a subsidiary of the Bank of Ireland. Mr

Marray Chisholm, marketing controller, has been promoted to operations director.

Mr Ian R. Dighe, head of corporate finance, has been appointed a director of MANCHESTER EXCHANGE

AND INVESTMENT BANK.

THE SUN LIFE GROUP has

appointed Mr Ian Gillsspie-Smith as managing

director of direct sales subsidiary Sun Life Unit Services. He takes over from

Mr John Langton who retires on November 30. Mr Don

Hales, previously marketing

Mr Derek Dainton has been

appointed to the board of THE

MOORGATE GROUP. He is

managing director of IETC, a Ketson Group company.

■ AMERICAN EXPRESS has

appointed Mr Barry Tyrrell

as director of tour operations in London to expand travel

product marketing. He joins from Speedhird Holidays.

acquired by Ketson.

director, becomes deputy managing director.

Dr Richard Mitchell

manager at Phillips Radio Communications Systems. Mr Frank J. Skinner has been appointed director of sales and marketing. He was sales director of Davy Corporation's Senelco. Mr Gerald W. Klopp has been appointed chief financial officer of Domino Amjet Inc., the group's US subsidiary based near Chicago. He was controller and chief accounting officer, Sargent-Weish Scientific Company Inc.

■ Mr Pat Falconer has been appointed managing director of INDEPENDENT RADIO SALES. He was deputy managing director. Mr Brian Mailon has been appointed director - marketing of Crown Communications Radio.

 BIMEC INDUSTRIES, Birmingham, has appointed Mr Roy Windley as managing director, Mr David Duerdon as financial director, Mr David Fielding as technical director, Mr Brian Coar as marketing director, and Mr Richard Therley as production director of recently-acquired mechanical subsidiary Aero & Industrial Technology, previously owned by Lucas Industries.

EUROPEAN BUSINESS FORUM 1992 AND AFTER

ROME, 1 & 2 DECEMBER 1988

The integrated European Community of 1992 is one of the principal themes for discussion at this biennial international business Forum.

The authoritative panel of speakers includes:

Avv Giovanni Agnelli, Ing Carlo De Benedetti, The Rt Hon Lcon Brittan, QC, MP, Dr Erik Hoffmeyer, Dr Michael von Clemm, On Bettino Craxi, Professor Romano Prodi, Signor Carlo Ripa di Meana and The Rt Hon Denis Healey, CH, MBE, MP. M. Valery Giscard d'Estaing, former President of the French Republic, will give the Jean Monnet Centenary Lecture.

For further details and registration form, contact:

Financial Times Conference Organisation 126 Jermyn Street, London SW1Y 4UJ Telephone: 01-925 2323, Telex: 27347 FTCONF G, Telefax: 01-925 2125

CANADA

The Financial Times proposes to publish this

15th December 1988

For a full editorial synopsis and advertisement details, please contact:

> Meyrick Simmonds on 01-248 8000 ext 4540

> > or write to him at: Bracken House 10 Cannon Street London EC4P 4BY

FINANCIAL TIMES

STILFONTEIN GOLD MINING COMPANY LIMITED (Incorporated in the Republic of South Africa) (Company Registration No. 05/33412/06)

ANNOUNCEMENT TO SHAREHOLDERS

chorawas Linear, as a constant of the latest quarterly report (which was published on 20 October 1988) that its major customer had requested the cossession of further deliveries of tiranium oxide.

That customer has subsequently given written notice of termination of its agreement to purchase uranium oxide. Under these circumstances, Chemwes is unable to continue operating on a commercially viable basis, and accordingly the board of Chemwes has resolved to cease operations by the end of November 1968. The company's employees have been notified of the situation and the majority of them will be offered alternative employment within the George Group.

Chemwee has submitted a claim to the customer for compansation flowing from the termination of the agreement. At this stage it is difficult to determine the effect on Stilltontein's earnings, however, shareholders will be kept informed of further developments.

Yves Saint Laurent Parlume S.A., Yves Saint Laurent S.A., 21st November, 1968

Johannesburg, 21 November 1985

Associate directors at Burton The following have been

appointed associate directors of THE BURTON GROUP: Mr S. Campbell, buying and merchandising director, Debenhams, Mr K. Marks managing director - home, Debenhams, Mr A. Muuro, buying and merchandising director, Debenhams; Mr R. Pym, finance director, Debenhams; Mr P. Ridsdale, managing director, Top Man/ Champion; Mr K. Hopkins, managing director, retail systems; Mr C. Minihan, managing director, acquisitions and development; Mr G. O'Brien, group financial and planning controller, Mr
M. Prentice, managing
director, systems, financial
services; Mrs M. Salmon, retail
sector and corporate personnel
director, and Mr R. Dietz, mergers and acquisitions director.

to the holders of the outstanding FF 485,000,000 5% Equity Notes Due 2002 of

Yves Saint Laurent S.A. and to the holders of the Warrants of Yves Saint Laurent Parfums S.A.

to subscribe ordinary shares of Yves Saint Laurent S.A. Notice is hereby given to the holders of the above Notes and Warrens that, at the adjourned Neetings of such holders held at 12.00 noon and 12.15 p.m. (London time) on 14th November, 1986, the Extraordinary Resolutions set out in the notice convening such Meetings published in the Financial Times and the Licemburger Wort on 28th October, 1986 were passed. Accordingly, the modifications to the Terms and Conditions of the Notes and the Warrants and to the Trust Deed and the instrument by way of Deed Poli constituting respectively the Notes and Westants have been made with affect from 14th November, 1988 by means of respectively, a Supplemental Trust Deed and Supplemental Instrument by way of Deed Poli of the same date. Noteholders wishing to exercise the option to have shek Notes redeemed in cash on 2nd January, 1989 at 107 per cent of their principal amount should deposit their Notes, together with all unmatured Coupons relating thereto, with any Paying Agent between 23rd November, 1986 and 8th December, 1986 (both dates inclusive).

nakers Truet Company
Dashwood House
69 Old Broad Sifest
London EC2P 2EE

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2 Soulevard Royal
London EC2P 2EE Practice Programmer and Service Servic

ment is issued in compliance with the Council of The Stock Exchange and does not constitute any Application has been made to the Council of The Stock Exchangs for the grant of permission to deal in the Ordinary Shares in the Unitated Sacurities Market, it is emphasized that no application will be made for these securities to be admitted to the Official List. It is expected that dealings in the Ordinary Shares will commence on

This notice hair been approved by an authorised person for the purposes of the Financial Services Act 1986 of the United Kingdom

Introduction to the Unlisted Securities Market acquisition of Witzend Productions Limited

and a rights issue of 35,580,000 new ordinary shares of 1p each at 5p per share underwritten by Guidehouse Securities Limited

1,500,000 600,000 SelecTV, PLC operates satellite master attenues television systems and is a leading independent producer of light entertainment and comedy drams series for television. Full particulars of the Company are available through the Edel Unlisted Securities Market Service and copies may be obtained during normal business hours on any weekday (Saturday excepted) up to and including 8th December, 1988 from:

Guidehouse Securities Limited, Vestry House, Greyfriad Passage, Newgate Street, London SCIA 78A

London EC2A4DO and during normal business heurs on 25th and 28th November, 1968 from Company Announcements Office, The Stock Exchange, 46 Finabury Square, London EC2A 1DD.

London EC2A 2AL

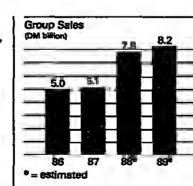
"Capital spending in the next four years will be the highest in our history."



Ranking 4th among the world's tire manufacturers. Continental plans to boost capital spending in the next four years to

some DM 3 billion. Besides continuing to invest heavily in its existing plants, the Group will commit substantial funds to special programs in North America and western Europe without negatively effecting the debt-equity ratio.

In North America, more than \$ 250 million are earmarked to streamline and upgrade production at General



Tire plants which are working at full capacity. General Tire enjoys a strong and growing position in the world's biggest tire market.

Also in the U.S., Continental will join forces with Yokohama Rubber Co. Ltd. and with Toyo Tire and Rubber Co., both of Japan, in a joint venture to produce large truck

end bus tires. The new plant will combine the finest in European, American, and Japanese knowhow, and will cost some \$200 million. The Group also plans size-

able investments to expand its sales and distribution organizations in western European markets outside of Germany, particularly in Great Britain, France, Italy, and Spain. With 24 plants in Europe, Continental is well positioned for the new unified EC.

The Continental Group, headquartered in West Germany, is a major international producer of tires and industrial rubber products. In the past decade, Group sales have grown by 300%. Sales in 1988 are expected to jump 53% to DM7.8 billion, largely as a result of the acquisition of General Tire in the U.S. in late 1987.

Over the years, Continental hes consistently increased sales, profits, and market share. Its far-reaching investment program for the next four years is ample testimony to the Group's commitment to expanding its growth and earnings potential - and to its confidence in the future.

For complete information on Continental, just contact Continental Aktiengesellschaft, Königsworther Platz 1, P.O. Box 169, D-3000 Hanover 1, West Germany.

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MANAGEMENT

he Prime Minister's review of the National Health Service has now reached a watershed. The review team has agreed in principle how the NHS should be reformed; the outstanding issues relate to

implementation.
Implementing significant change in an organisation as large and complex as the NHS is a risky business. More to the point, should the implementation process be mishandled, all of the review team's efforts could be undermined and the NHS plunged yet again into crisis. To minimise the chances of this happening, the review team would be well advised to look carefully at how such issues are handled in the private sector.

Although there are important differences, many of the problems of the NHS have clear counterparts in the private sector. For example, private sector companies often find that their pattern of capital investment in land, buildings and production capacity limits how they can respond to new demands.

The same is true of the NHS; two of the more obvious exam-ples of this phenomenon are the investment in acute hospi tal services in London in contrast with the rest of the country, and the enormous investment in long-stay institutions when most long stay patients would be better cared for in the community.

A second problem which many private sector companies would find familiar is that the rigidly segmented markets of suppliers make it difficult to co-ordinate production, marketing and sales. The NHS aries between hospital, community and primary care services which make it difficult to

co-ordinate delivery.

A third example is the need to identify and then phase out unprofitable or obsolete product lines. The NHS faces this problem in relatioo to a range of expensive hut sometimes ineffective procedures and

The list of similarities is a long one; and there are some important lessons to be learnt from looking at the way wellmanaged private companies tackle these kinds of problem. Perhaps the most important lesson for Mrs Tbatcher's review team is that the first

step most private companies would take would be to sort out the boardroom. The reason for this is simple. No organisation – public or private – can hope to address such an array of problems and implement the



Reform should start with the boardroom

Gordon Best gives his view of what action should be taken in the UK's National Health Service

changes required to correct them without strong leader-ship and clarity of responsibility at the very top of the man-

ement hierarchy. Strong managerial leadership is, however, a scarce com-modity. Ideally, it has st least three key ingredients. The first is the ability to fashion a vision of the way things need to be in the future in order to

overcome present difficulties.
The second lies in the ability "sell" that vision down the managerial line in order to motivate those responsible for implementing change. And the third is the ability to clarify responsibility in such a way that each and every manager is clear about what is expected of him or her and how that performance is to be assessed. The lessons for the Prime

Minister's review team could hardly be clearer. If exciting but untested proposals such as independent NHS hospitals and internal markets are to be implemented successfully, then the top of the NHS hierarchy cannot be left intact. In particular, the NHS man-

agement board has never been

in a position to provide strong managerial leadership for the service. For a start, the board's membership consists of civil servants, representatives of the main NHS professions, politi-cians and managers; hardly a grouping which in its entirety could be expected to fashion a common vision or provide a consistent managerial lead to those lower down the line.

Equally worrying, there is little clarity of responsibility at the top of the NHS hierarchy. The artificial subdivision of responsibility for management (the Board) and for policy (the Department), overlaid by the separation of hospital services from primary care, effectively ensures that there is little clar-ity about who is responsible for different aspects of NHS performance. No such confusion would be tolerated in the boardroom of a well-managed private sector organisation.
The NHS "hosrdroom" requires reform. What the review team must now do is

reform it in such a way that it will be capable of implement-

As a starting point, it should be accepted that the NHS is such a political minefield that Kenneth Clarke, the Secretary of State, will be in the chair in the new NHS boardroom. Directly under and directly accountable to him, there is a need for a strong, respected ble of translating political intent into managerial policy and then motivating managers (and others) to find ways of making that policy a reality.

But if this person is to do Clarke's bidding and maintain his confidence, his energies must be focused primarily on translating political intent into managerial policy and not be diluted through involvement in more operational concerns. For this purpose, the new

"deputy chairman" should be served by two key managers charged with the responsibility of driving the implementation process. The first should be a respected and experienced NHS manager who, in the chief executive role, would be required to sell central policy

down tha managerial line while simultaneously testing those policies against the realities faced by NHS managers in the field.

The second key lishtenant should be a respected, practising NHS clinician charged with the responsibility of providing "clinical leadership" for the service. The key role which doctors will need to play in implementing the reforms likely to emerge from the review cannot be underesti-mated This role cannot be left to evolve: it will need to be led and driven from the top.

Under this triumvirate should be gathered responsibil-ity for all aspects of NHS management across both the hospi-tal and community health sector as well as the family

practitioner service. Key managers from both of these sectors should be co-opted onto the board as appropriate to integrate lines of managerial responsibility and drive implementation across care sectors. Together with appropriate functional managers (eg finance, personnel, etc) this should comprise the core members of the reformed management board.

Attempts to dilute the mana-gerial character of the board should be resisted. In particular, both civil servants and rep-resentatives of the NHS profes-sions should be seen as advisers to, rather than members of, the board.

in chairing the board, Ken-neth Clarke should provide leadership and seek and expect the best advice in doing so. But he should distinguish sharply between policy advice and for-mulation on the one hand, and the process of managing the mentation of change, on the other,

If he wishes his ideas and his Government's policies to be implemented successfully, then he should insist on a clear, explicit and unancumhered managerial lina stretching from the board to the point of implementation within the NHS. The alternative is a frag-mented vision interpreted dif-ferently by different interests with little capacity to implement major reform.

If experience in the private

sector is an accurate guide, the success of the Prime Minister's review depends on getting the top of the NHS hierarchy right. And while getting the top right will not guarantee success, getting it wrong will almost certainly guarantee failure. Gordon Best is director of The

King's Fund College, which is involved with organisational and management development in the health service.

Professional qualifications

More institutional contenders

Michael Skapinker on the management training controversy

Supporters of the idea that the British Institute of Management should be responsible for granting national management qualifications argue that there is no other body in the UK capable of doing the job.

Not so, say five other well-established professional organisations. The courses they run

sations. The courses they run could form the basis of a new foundation course in manage-ment. The BIM, by contrast, ment. The BIM, by contrast, has bittle experience of granting qualifications or administering examinations, they say. The five organisations involved are the institute of Personnel Management, the Institute of Chartered Secretaries and Administrators, the Institution of Industrial Managers, the Institute of Purchasing and Supply, and the Institute of Administrative Management.

Barry Barker, chief executive of the chartered secre-taries institute, says that plans to turn the BIM into a chartered institute of management are a "red herring" and do not address the question of how best to provide proper training to as wide a group of managers

as possible.
There is no need for such an expensive or complex struc-ture as a chartered profes-sional hody, with the rigid strait lacket of its own exami-nations," he says.

Barker says that the fiva organisations have already

made some progress towards standardising their own foun-dation courses. These could be developed

into a basic management qualification. After taking a foundation course, managers could then go on to more specialised

qualifications.

But aren't these five organisations simply worried about being npstaged by the BIM?

Aren't they simply defending their own institutional intercess?

Michael Pitfield, assistant director of the Institute of Personnel Management, denies that this is the case. He says ha would be happy to see organisations other than the five offering the foundation management course. He says he hopes that the BIM would bs among them. Companies could ask for their own in-house courses to be accred

"All recognised professional bodies concerned with manage-ment education should be able to be founder members of the new organisation, and not just the BIM." says Barker.

The management qualifica-tion system should be administered by a national forum, capable of granting approval to all those running properly-con-stituted courses, he says. He says that the accrediting body should not be a large

bureaucratic institution. "The right structure is a small, effi-cient accrediting body, on the

model of the National Council of Vocational Qualifications, which doesn't issue its own qualifications, but accredits those of others - including management development on

"It should give employees a nationally credible qualifica-tion which is recognised by employers across the land That is what managers want -a credible set of qualifications with which they can travel."

with which they can travel."
The BIM, for its part, denies that it is trying to exclude other organisations. A BIM spokeswoman points out that interested parties are still being consulted on the form that the national system of qualifications should take. The proposals of the five organisations "will be given full consideration and there will be discussions before any final decision is made. They've got some interesting proposals.
We're not saying it's just us."
She added that the chartered

institute of management would have places on its council for other interested individuals and organisations, whose qualifications could also be accred-

But would that not mean that the BIM would still be the dominant institution? "We are the largest management insti-tution of its kind in Europe," she said. "We've got the structure and we've got the mem-hers - many of whom are members of other institutions."

Management abstracts

Paopls productivity: marketing's most valuable asset. A.J. Magrath in The Journal of Business Strategy (US), July/Aug 88 (3 pages)

Discusses how marketing management, in the never-end-ing search for increased productivity, attempts to reduce sales costs, expand distribution, and speed up new product development. Sees marketing skills as the keys to success, and points to the talents, eg computer literacy, that market-ers should possess and develop; outlines how to encourage a greater yield from such talents. The myth of globalisation. S.P. Douglas and Y. Wind in the Business (US). Winter 87 (11 pages)

Argues that effective global marketing strategy does not necessarily entail the market-ing of standardised products and global brands worldwide, but should include strategic options, based on clusters of countries or consumer segments according to the prod-uct's particular attributes. Following an analysis of the forces affecting product global-isation, the result could take the form of a mix of strategies related to country characteris-tics and customer preferences, and to potential synergies from international operation.

The future of merit pay programmes. J.F. Sullioan in. Compensation and Benefits Review (US), May/June 88 (9

Reports that merit-pay programmes (increases awarded largely or exclusively on the basis of individual performance) are losing popularity (in the US), while other payfor-performance schemes are becoming more widely used. Sets out conditions in which merit pay will continue to be applied and introduces the con-cept of matrix-formatted guidelines; explains how these work. Reviews other approaches, including a "lump-sum award determination matrix". While this approach is said to be gaining in popularity, it is suggested that it can be combined with merit pay.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications, Lloered copies of the original pricises may be obtained at a cost of E4 each (including VAT and p+p; cash with order) from Anpar, PO Box 23, Wembley HAB SOJ.

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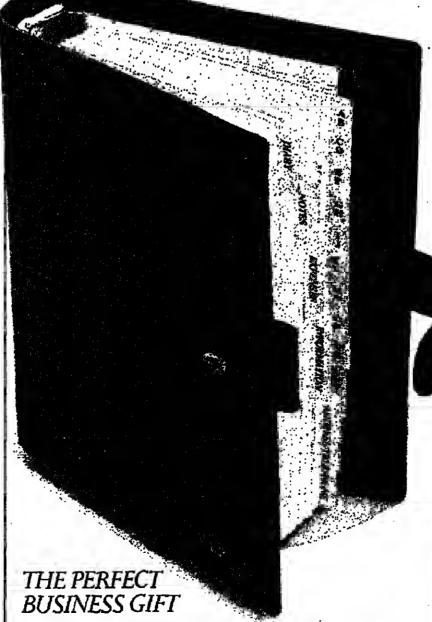
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Genius restored

Colin Amery visits Sir John Soane's Bank Stock Office at the Bank of England

of the enlargement of its museum, rebuilt the great Bank Stock Office by Sir John Soane. The result, which can be seen by all as part of the museum, is one of the finest and historically one of the most significant Neoclassical inte-

riors in Europe.
Sir John Soane (1753 - 1837) was appointed architect to the Bank of England with the support of the then Prime Minister, William Pitt, in 1788. What better way to make amends for the virtual destruction of Soane's great Bank than to commemorate the bicentenary of his appointment with the restoration of the first room that he com-

Soane succeeded Sir Robert Taylor and masterminded the growth of the institution on adjacent sites around Threadneedle Street, working on his complex designs until 1833. When he completed his extremely grand original series of domed and vanited halls and surrounded them by a continuous wall of austere beauty, the result was one of the greatest buildings in Europe.

Why do we not see it today? Was it a victim of the Luftwaffe? Did it collapse through structural infelicities? No. It was destroyed by the Governors and Directors who commissioned Sir Herbert Baker from 1921 to 1937 to rebuild the Bank to provide more office space on the same site.

Soane's single storey halls were replaced by office seven storeys high. This was not enough and the Bank eventually had to build more in the City and elsewhere. Much of the hiame must lie with Baker, who metended must lie with Baker, who pretended that he was keeping elaments of Soane's design, but was in fact erecting a dismal paraphrase. In his autobiograthat he had preserved the best rooms, hut his overpowering uew buildings, built in the 1920s and 30s, retained only the south and west sides of Soane's screen wall. Sir Nikolans Pevsner describes the demolition of Soane's Bank as "the worst individual loss suffered by London architecture in the

first half of the 20th century." The fortunate thing about Sir John Soane is that every scrap of paper, every model and drawing concerned

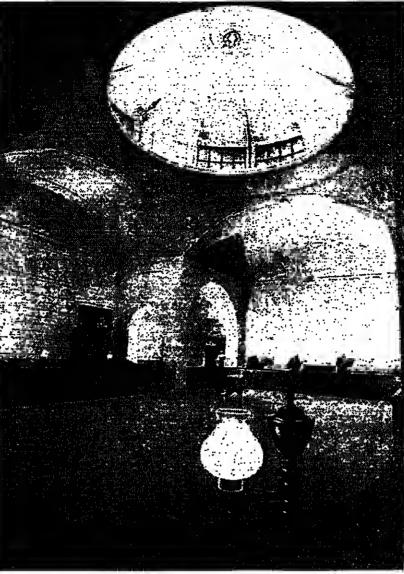
This week the bells of St. Paul's should be rung in celebration of a glorious resurrection. The Bank of England has, as part enlargement of its runger. accounts, a mass of correspondence, 14 hill books and over 600 drawing dealing with the Bank of England. It is this miraculous archive that has made possible the accurate restoration of the Bank Stock Office, togethar with detailed measured drawings by F.W. Troup made before Baker's demolition in 1924.

The great domed room is top lit and the classical sources of the design repay investigation. Clearly Some looked at the Roman baths of Diocletian and Constantine; a more immediate inspiration can be seen in the church huilt by Soane's friend and mentor, George Dance: All Hallows London Wall, with its classical clerestory. This church is considered to be the first strictly Neoclassical building in Britain in both its Roman derivation and in the unusual treatment of the orders. There are sketches by Dance that lead directly to Some's original design for the Stock

But there are substantial variations between the built design and the early drawings. The proportions of the completed room are far from being purely classical and there is no consistent use of an order. It is a free design and in its day must have been seen as daringly unconventional

There is a primitivism in this room that is powerful and disturbing. As the orders could not cope with proportions of such an unusual kind. Soane uses vertical strips in relief wherever you might expect columns or pilasters. The shallow lantern is supported on metal brackets and the mysterious light from above that shines so effectively in the great watercolours in the Soane Museum is replaced here by some artifi-cial lights. The plaster work rosettes, paterae, and fretted string course have been meticulously reconstructed. The dome here is really a series of pendentive curves that support the oculus of the lantern.

There is something sublime about the design of the Stock Office: the architects (Higgins Gardner and Partners) and the Bank's researchers, aided by the Soane Museum, have achieved that sensation in the reconstruction. It is tural revolution, reinterpreting the lan-one of the finest rooms in London and guage of classicism. He endowed archi-an act of extraordinary benevolence on tecture with passion and romance: his



The Bank of England's Bank Stock Office restored to the original designs by Sir John Soane of 1792 is part of the new museum.

the part of the Bank of England to restore it. Any visitor would be well advised to follow it by a visit to the Sir John: Some Museum in Lincoln's Inn Fields, where the detailed and glorious watercolours of the whole of the Bank

can be examined. Soane is still underappreciated as a teacher and interpreter of the classical language, and it is hard for us today to see his total originality. He learned from his mentor George Dance and was enlightened and enchanted by Italy. But what he produced marked an architec-

buildings have a "temperament," which is not the same thing as character since it is a quality that verges on the poetic. Schinkel had it too, in Germany and Ledoux in France, but it is the rarest architectural gift.

The Bank of England Museum will be open free of charge to the public from November 21. The restored Bank Stock Office houses exhibits about the archi-tecture of the Bank; the remainder of the museum, in one of Herbert Baker's rotundas, is devoted to the workings of the Bank. But the finest thing there is Soane's sublime room - a renewed testament to his genius.

Bryars, Rihm, Ruders SOUTH BANK, RADIO 3

An evening of Gavin Bryars is a relaxing, civilised affair; uothing grates, the performances are always instinc-tively musical, and surprises are always teasingly scattered along the way. The programme that the Gavin Bryars Ensemble has been touring for the Arts Council Contemporary Music Network is a nicely planned survey of his works from the last decade, including a foretaste of his chamber opera, Dr. Ox's Experiment.

Certainly rebearing older Bryars pieces was pleasurably nostalgic. My First Homage, the 1978 wistfully elegaic remembrance of Bill Evans, and Out of Zaleski's Gazebo (1977), in which eight hands at two pieces. two pianos run through systems of minimalised harmosystems of minimatised narmo-nies only to dislocate them with peremptory cadences cul-led from Percy Grainger, are entirely successful and ele-gantly proportioned. Bot tha First String Quartet (1985) and Les Fiançailles, extracted in 1983 from his contribution to Robert Wilson's Civil WarS

carry less sustained interest.

The new opera is based upon Jules Verne's novella of the same name. The libretto is hy Blake Morrison, and the concert is substantially its last scene, in which much of the preceding scenario is recapitulated by the main female character. It was sung here with compelling force by Sarah Leonard, and many of its ideas had memorable identities, as instrumental lines snaked around the voice to create a dream-like narrative. Bryars's earlier opera Medea has yet to be seen in Britain, and Dr Ox is still to come to fruition. Doubtless an opera-house commission would hasten the process. Meanwhile ENO makes us suffer an imported inanity

like Philip Glass'a The Making of the Representative. The second of the concerts given in the Elizabeth Hall last week hy the Chamber Orches-tra of Europe under Claudio Abbado included a British premiere. Wolfgang Rihm's Zweiter Dopplegesang from 1983 proved to be a disappointing proved to be a disappointing sample of a composer whose prodigious output is scarcely explored here. It is a restrained, meditative exercise without of imaginative colour or surprise to give it piquancy.

The British premiere of Poul Ruders' "symphonic skyline" for large orchestra, Manhattan Abstraction, proved to be an hracing, joyous discovery. Its was the final element in an invitation coocert from the BBC's Maida Vale studios last Thursday, hroadcast on Radio 3. Completed in 1983, it is the most substantial of Ruders' works to be beard in Britain a 20-minute paean to the con-tradictory fascinations of New York, in which his long-standing preoccupation with the per-mutations of change-ringing is used to produce music that is both rigorously controlled and energetically muscular.

Ruders is a constantly sur-prising, multi-voiced composer; the music written since Manhattan Abstraction tends to have softer edges and more diversity. In its hounding rhythms and clean-cut barmony this Americae homage has the appropriate feel of Copland or early Carter, and the sweet-toothed violin solo into which the huge mechanism collapses just before the nism collapses just before the end provides a perfectly judged catharsis. The exuberaot per-formance by the BBC Symphony Orchestra and Oliver Knussen seemed thoroughly well prepared. They should be encouraged to repeat it sooo in a public concert. Ruders is an important figure who is overdue for major exposure here.

Andrew Clements

Bartók Series

FESTIVAL HALL

This final concert of the Bartok series on Thursday night was dedicated to Antal Dorati, who died last Sunday week. During a long and distinguished asso-ciation with the London orchestras, this conductor gave the impression that countless composers were close to his heart, hut probably none was more so than Bartok, to whose music he always hrought the deepest understanding.

In the event it was perhaps fitting that this concert should also have introduced to London audiences the most recently discovered (at least by the West) of Hungarian musicians, a remarkable young vio-linist, Vilmos Szabadi. For with his appearance there was immediate and tangible proof that the tradition of musicmaking in Hungary lives on and is continuing to give birth to artists of the finest stature. Szabadi is that marvellous happening: a young player wbo springs upon the public fully-formed in every way. The tech-nique is of the type that can be forgotten, not just because it is clear from the first bar that he will be able to play all the notes, but hecause he so clearly uses it as the means to an end and his performance of the Second Bartok Violin Concerto duly unfolded as the most intuitively musical of

The partnership between him and Solti, as conductor, was a complementary one in its artistic insights. Szabadi does not perhaps have the quixotic, highly-strung intensity that makes Kyung-Wha Cbung's playing on Solti's recording so memorable; but the earthy quality in that deep-

ly-drawn legato playing of his and the guttural kick are just as true to the work, and - hy-splendid coincidence - to the kind of Bartók Solti has been

giving us in this series.

The rest of the concert worked on an equally invigorating level. With the London Philharmonic Orchestra in fine form, there was nothing to stop Solti making this closing pro-

gramme a memorable affair, An aggressively rhythmic performance of the Dance Suite opened the evening and the main work was the Concerto for Orchestra, vigorous withont being over-driven, boldiy dramatic hut never vulgar. For Solti himself an exhaust-

ing few weeks perhaps, but splendidly rewarding all the

Richard Fairman

Line

ORANGE TREE, RICHMOND

teenth year While, the Orange Tree programme informs us, in France the play is "in its twelfth year of continuous performance." These credentials give us a clue as to why, as the programme also plaintively adds, the anthor's work is rarely seen in Britain.

Israel Horovitz sprang to notoriety with The Indian Wants the Bronz. The unflag-gingly enterprising and ener-getic little Orange Tree Theatre opposite Richmond station scored a success with The Primary English Class in 1979. But, to judge from Line at least, his prevalent vein of quirky allegory has a paradoxi-cally European tinge to it. The French may take it as the sincerest form of flattery but the British, with their own tradition of nonsense and choplogic, scent whimsical preten-tiousness and echt-Sixties homage to theatre of the absurd. That bete noire of the British, the pseudo-intellectual, looms close. Or, even worse, the real

This 75 in in ute intellectual. A beauted beer swigging slob for quintet of kooks saw the stands in the middle of the tiny of absurdist day in New acting space, as the audience to the roles taking over one of the roles having waited patiently all from the author); an off-broad-night — for what exactly, we was while the Orange a transistor and headband: faintly Dylanesque, asks "Is this a line?" (anglice: queue) and the seeds of rivalry are sown. A mini-skirted blonde is casually talked into joining the queue; a ronghneck; tha hlonde's wimpish busband. The latter refers hopefully to going to a movie but nobody clarifles, or seems to know, what the queue is for.

The play charts the five characters jockeying for status (the front of the queue) through subterfuge or force. The blonde makes love with The blonde makes love with the men in turn, here stylised into song and dance. The Mozart-obsessed boy leads her into a courtly minuet while he warbles Figaro's "Se Vuol Ballare"; the rough whirls her off happily bawling "Sugar in the Morning"; the slob tries more than once, oafishly waltzing her round to "Take Me Out to the Ball Game". And even her husband has a forlorn twirl to "Tiptoe through the Tulips".

The lengths that competitors

by the young man, each char-acter unwinding a length from his mouth to claim as his or her own section of the queue. James Hammerstein directs first-rate performances from a company with no phoney American accents between them - luxurious casting indeed. Serretta Wilson, no stranger to the British stage, is both glamorous and sleazy as the wife who combines sexual scorn with a glimpse of pathos; her ineffectual hushand is played by Michael Fitzpatrick, another American, with a faint look of Dan Aykroyd about him. The cast is completed by Ron Travis (hirsute and slow-witted) and Ron Bergias (physically aggressive); and a new-comer to this country, Steven Gefroh, on loan from the Milwaukee Repertory Theatre, who plays the boy with inci-sive intelligence and sensitiv-

ity and is very welcome. Martin Hoyle



The blonde and the rough: Serreta Wilson and Ron Berglas whirl happily

Pop: Yesterday and today

TOWN AND COUNTRY/LSE

Well, was it the dawning of a dours to those artists you new age of Aquarius or a gathering of the most doomed collection of cock-eyed optimists since the last meeting of the Govan Labour Party? Only the girl in the darkest corner, pouring over the palms and the tarot cards, could tell, and she was looking depressed. There were not many takers for the incense hurners, the Tiger Balm, or the twenty one different hrands of cigarette papers,

either. As ever the best husiness was at the bars. The Town and Country Club in Kentish Town devoted Sat-urday to the Folk City Rock Festival, the first major re-appearance of the most forgotten music of the past generation -hippie acoustic. The Trouba-dour, in Earls Court, where Paul Simon blushed unseen in the 1960s, has re-opened for a new wave of earnest youth to recite their life stories in public, accompanied by a guitar and a couple of chords, rather than pay out for the psychiatrist's couch. New Acoustic has caught on, minimally: hence the Festival, which introduced the best of the young Trouba-

thought were either dead, dolphin farming, or sticking joss sticks in their pony talls in a safe place, the likes of Robin Williamsou (half the Incredi-hles), John Renbourn, and likely Roy Harney, who Uncle Roy Harper, who was due to disappear into the mystic around midnight. It was good to be back after

twenty years. Everyone looked

as if they had dressed hur-

riedly in the dark; knew their "E" numbers; and would give blood. There was still that appealing amateurishness to it all. You could listen to the nine hour flow of musicians; or shop for a mind expanding experience; or just lie mysti-cally on the floor. The young soloists were alther ranters like Jimmy Woodland or poetic like Andrew Cunningham. By far the best was Felicity Buirski, who in spite of being billed as "the first authentic voice of the post feminist generation" managed to cap Leonard Cohen's throw away delivery and indiscreet lyrics with a

voice of purifying power.

For the rest, the total rejection of style and fun was an

attractive antidote to the tacky commercialism of the age, but, although it was encouraging to hear so many new songs from the feel of a creative trickle rather than that of a cleansing torrent. As Danny Thompson still pentangling away on the bass with a new band Whatever, launched into a mournful tribute to the late folky Alex

Campbell f knew it was time to

return to reality and catch the end of Sarah Jane Morris at

the LSE. For a feminist Ms Morris has some old fashioned ideas about dress. She was in sheer black (and bare back) and in a hot sweating packed room gave off vibrations which ranged from Janis Joplin to Julie London, the bar room voice of the former, the late night sensuality of the latter. Her material is as wide ranging, from a distinc-tive version of "Sunny" to political blues. The potency of such an artist makes New Acoustic seem as wholesome, and as appetising, as a lentil

Antony Thorncroft

ARTS GUIDE

MUSIC London

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Beethoven Plus, a series of concerts between September and December 10 which seek to set the composer's music in the context of his own time. The work of over 30 of Beethoven's contemporaries will also be fea-tured. Royal Festival Hall, Queen Royal Festival eth Hall. (928 S191). Royal Philharmonic Orchestra, conducted by Yuri Temirkanov, with Oleg Kagan (violin), Tchai-kovsky, Royal Festival Hall (Tue) Royal Philharmonic Occhestra, conducted by Yuri Temirkanov, with Evgeny Kissin (pisno). Tebaikovsky. Royal Festival Hall (Thurs) (928 8800). London Symphony Orchestra, conducted by Mstislav Rostro-povich. Shostakovich. Barbican Hall (Thurs) (928 8800). Paris -

Orchestre Cologne conducted by Pierre Dervaux, with Tedi Papavrami (violin). Pierne, Men-delssohn, Mussorsky/Ravel. (Mon) Salle Pleyel (45 Ensemble Orchestral de Paris conducted by Armin Jordan, with Margaret Price (soprano). Haydn, Mozart, Beethoven, Pro-kofev. (Tue) Salle Pleyel

Mark Punthus, plano recital. Salle Gavean (Wed) (45626971). -----Stefasn Cornelus (clarinet), Kris-

No Longer Reserved For The English.

tien Devolder (piano). Lutos-lawaki. Soenen, Francaix, Bern-stein, Draskoczky. Palais des Beaux-Arts (Tues) (514.2194). James Galway (flute), Philip Moll (plano). Dvorak, Feld, Bach, Pro-kofley. Palais des Beaux-Arts (Wed) (514.2194).

London Symphony Orchestra under Meticlaw Rostropowitch, Beethoven, Shostakovich, Bee-thovenhalle (Tues).

Frankfurt Polish National Symphonic Orchestra wifh Konstany Kulka (violin) conducted by Antoni Wit; Nominszko, Schumann and Wieniawaki. Alto Oper (Mon). Orchestre de Paris with pianist and conductor Daniel Baren-boim. Debussy, Schönberg and Berio. Philharmonie. Berlin Philharmonic Orchestra conducted by James Levine, with Anne - Sofie von Otter, James Morris, Philip Langridge and the Rias Chamber Choir. Berlioz. Philharmonie (Mon).

Royal Conservatory Symphony Orchestra, Rienbert de Leeuw conducting the Cage (Tue). Royal Concertgebouw Orchestra conducted by Carlo Maria Ciu-lini. Schubert, Brahms. (Wed, Thur) Recital Hall. Eugene Flemm (piano). Bach, Beethoven, Chopin, Concertge-bouw (Wed) (718 345).

Utrecht Bruno Leonardo Gelber (piano). Beethoven. Recital Hall (Mon). Royal Conservatory Symphony Orchestra, conductor Reinbert

de Leeuw. The Cage (Wed).

Austrian State Television and Radio Orchestra with the Neues Wiener Vocal Ensemble, con-ducted by Sir Charles Mackerres, with Elaine Woods and Maria Venuti (sopranos), Robert Brooks and Helmut Wildhaber (tenors). Schubert, Musikverein (Fri). Austrian State Radio and Television Orchestra, Wiener Mozart Festival Conducted by Sir Charles Mackerras with Mar-garet Marshall, Ann Murray, Adelina Scarabelli, and Sona Ghazarian (sopranos) Benedikt Kobel and Ryland Davies (tenors). (Thur) Konz

Rome International Comedians Karel de Rooy and Peter de Jong in mime. Teatro Olimpico (Wed)

Ministry Company (Wed) (39304).
Emission di Pasquale (piano).
Beethoven, Schubert, Chopin,
Andinger Bang Lund, in collaboration with Norwegian Embassy.
Teatro Ghione via Delle Fornaci
37 (Thurs) (6372294).

Scala Philharmonic conducted by Riccardo Muti. Wagner, Liszt and Tchaikovsky. Teatro alia Scala (Mon) (80.91.26).

New York New Music Ensemble conducted by Robert Black, with Christine Schadeberg (sograno). Schön-berg, Harbison, Reynolds, Gideon, Merkin Concert Hall Man 1989 87191 (Mon) (362 8719). Alicia de Larrocha piano recital.

Albeniz, Carnegie Hall (Tue) (247

Chamber Music Society of Lin-coln Center with William Bolcom (piano), Daniel Phillips (violin). Schönberg, Bolcom, Mendelssohn. Alice Tully Hall, Lincoln Center (Tue) (874 6770). New York Philharmonic conducted by Leonard Bernstein, with Krystian Zimerman (piano). Bernstein, Ives, Del Tredici. Avery Pisher Hall, Lincoln Centre (Tue). New York Philarmonic con-

ducted by Leonard Bernstein, with Cideon Kremer (violin). Bernstein, Tchaikovsky. Avery Fisher Hall, Lincoln Center (Thur) (799 9595).
David Fedele flute recital. Bach,
Martinu. Gaubert, Berio, Muczynski. Kaufmana Hall, 1395 Lexington Av (Tue) (427 6000). Cyuthia Wuco soprano recital. Handel, Hahn, Reynaldo, Faure, Johnson. Juillard Concerts at IBM Atrium (Wed. Mat, 12.30,

November 18-24

Washington

National Symphony Orchestra conducted by Hugh Wolff, with conducted by Hugh Wolff, with Emanuel Ax (piano). Beethoven, Adams, Ives. Concert Hall, Ken-nedy Center (Tue) (254 3776). Chamber Music Society of Lin-coln Center with William Bolcom (piano), Daniel Phillips (violin). Schönberg, Bolcom, Mendels-sohn. Concert Hall. Kennedy sohn. Concert Hall, Kennedy Center (Wed) (264 3776).

Chicago

Chicago Symphony Orchestra conducted by Zubin Mehta, with Marvis Martin (soprano), Mau-reen Forrester (contralto), Mahler. (Tue) Orchestra Hall.
Chicago Symphony Orchestra
conducted by Zubin Mehta, with
Pierre Laurent Aimard (piano). Messiaen. Orchestra Hall (Thur) (435 8122).

Tokyo

Bayerisches Staatsoper special concert conducted by Wolfgang Sawallisch, with Kurt Moll, Peter Schreier, Julia Varady, Gertrude Jahn. Beethoven. Missa Solem-nis. Suntory Hall (Mon) (505 1001).

Japan Oratorio Association conducted by Hirofumi Misawa. Mozart Requiem. Tokyo Cathedral (Mon) ((824 7337).
Hermann Prey. Schubert, Die Winterreise. Suntory Hall (Wed)

SALEROOM

which is now on the market to raise at least £2.5m. to ensure the building's future, (it is inconceivable that such an important national symbol should even flirt with the posshould even that with the positility of a sale overseas), Sotheby's offers another less contentious hut almost as important map on Tuesday.

It was drawn up in Peking in 1602 by the Jesuit Father Ricci, and while it gave Chinese scholars their first view of the shape of the world it also diplo-matically placed China in the middle. The map is vast, consisting of six sections each over two metres high, and only four copies are known, all in museums. This comes from the famed library of Philip Robinson and should make at least \$250,000. The Chinese Govern-ment will not be bidding.

Meanwhile Sotheby's continues its strennous efforts to arrange an acceptable private treaty sale for the Mappa Mundi. Heritage bodies know they must save it but they are haggling among themselves and they want to give notice to other cathedrals that they cannot afford to bale out every impoverished institution that suddenly decides to cash in its

greatest attraction. The British Rail Pension Fund, which spent £40m on art

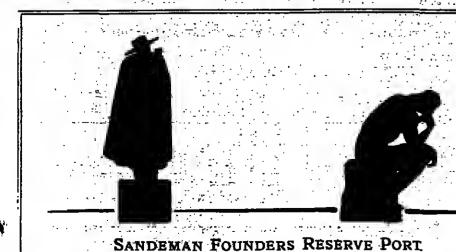
Keeping the world British
While the heritage lobby girds
itself up to keep in this country the Mappa Mundi, the great
treasure of Hereford Cathedral,
which is now of Hereford Cathedral, on Thursday when Sotheby'a disposes of some excellent French furniture. Among the British Rail dispersals is a delicate little console table that Marie Antoinette commissioned in 1781 for her favourite room at Versailles, the "Cabi-net interleur" where she entertained her friends. It sold in 1972 in New York for \$400,000 and then on to the Fund and it should now achieve £1.2m. and

> Christie's is supporting a good cause tomorrow when it offers a very important VC for the benefit of A Medal for Life, a charitable trust that helps children with leukaemia. The medal was awarded in 1916 to Captain William Leefe Robinson of the Royal Flying Corps wbo achieved great fame hy shooting down a Zeppelin over London. The medal bas aroused much interest and carries a top estimate of £80,000.

perhaps set a record for French

Stanley Gibbons is selling, by private treaty, one of the rarest stamps in the world. It is a cover bearing a pair of the 2 cent "Cottonreels", the first stamps issued by Britisb Guiana in 1850. Offers in excess of £150,000 are antici-

Antony Thorncroft



FINANCIAL TIMES

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Monday November 21 i988

would be likely to sell off large

in order to reduce the overall level of borrowing, and the uni-

versal assumption is that such sales will be made at a large

premium to the values implicit in the bid price.

Other potential gainers include RJR's financial advis-

ers, led by Shearson Lehman. They made handsome fees by underwriting the bonds and

they are now earning more fees hy putting together a transaction which they must have known would make those same bonds less valuable.

It may be argued that the existing shareholders should be happy with the fact that the

be happy with the fact that the

higher price than that which was available until recently in

the stock market. But this is not good enough. A conflict of interest is created whenever

interest is created whenever differences between the market value of a company and its break-np value can he exploited by the managers for their own interests. From the equity holders' viewpoint (aithough not the bondholders'), this conflict can be mitigated but not removed only

gated, but not removed, only

hy an open auction for the

Management buyonts have

important virtues, but they always involve potential con-flicts of interest with the origi-nal shareholders. In the US – where the trend is most devel-

oped - there have been worry-ing signs that managers have

heen increasingly willing to exploit those conflicts to their own advantage. With the RJR deal the problem has shot right

There are some signs that potential investors are now

beginning to recoil. Moreover, Metropolitan Life has started a

legal action alleging that the deal breached an implied cove-

nant of good faith and fair dealing with its bondholders.

Whatever happens in the courts, Wall Street is bound to take note of this intervention

by one of the country's biggest

investors. The best hope is that the market will correct its own

downturn brings a harsber

off the top of the scale.

Higher price

RJR: a bid too far

BUSINESS MANAGERS In capitalist countries have ohligations to the investors and lenders who provide them with the money on which their husiness is huilt. Although the links between owners and managers have been hlurred hy the growth of large invest-ment institutions, those who provide the finance still have to be confident that it will be fairly rewarded.

This is the central issue in the takeover hattle for RJR Nabisco, the US tobacco and food group, and explains why the outcome of the affair will have wide repercussions. The hid represents in extreme form a trend which threatens the integrity of the financial mar-

The basic facts are that the The basic facts are that the company's chief executive and a handful of colleagues have offered to buy out the public shareholding in a transaction valued at over \$20bn. If successful, the offer will be financed by a small amount of equity and a lot of bank debt and high yielding bonds. An outside group has countered with a rival offer, again

financed largely by debt.

The potential rewards for managers are enormous, with annual compensation running at tens of millions of dollars a year and an eventual payout which could well be numbered in billions. The question is how this value will be created, and whether it will he at the expense of others with a legiti-

Large incentives

Under the plan, the managers will have large incentives to work very hard and to cut ont wasteful overheads. But this is only part of the story.

Their rewards will also come
at the direct expense of existing bondholders, who have
seen the value of their securities tumble in the past few weeks - for the very good rea-son that, if the deal goes through, the company's ability to pay interest and capital on the loans will no longer be unquestioned. Its halance sheet will have been knocked sideways and so will the balance interest expenses.

The next step in Pakistan

being called upon by the acting president to form a government in Pakistan, the more likely it seems that the country's decisive step towards democracy in last week's elec-tions may be halted in its tracks, at least temporarily.

The elections were a notable victory for the people of Pakistan, who have been ruled by various forms of military dicta-torship for more than half of the country's 41 years of inde-pendence. The first full and fair party-based elections for 18 years proceeded without vio-ience or intimidation; there was no military interference and minimal ballot-rigging. Ms Bhutto's Pakistan Peo-

ple's Party narrowly failed to secure an absolute majority of seats in the National Assemseats in the National Assenting But it is by far the largest single party, with 93 seats against the Islamic Democratic Alliance's 54. Furthermore, she can claim to be the only party to have secured a nationwide mandate, the IDA having failed to win a single seat in Sind, the country's second most popu-

country's second most populous province.

The logical next step is to call Ms Bhutto, who claims the support of enough independents and minority parties to have a majority, to form a government without further delay. Any other course, although not necessarily to Ms Bhutto's long-term disadvantage, would be to deviate from the democratic path so carefully followed thus far. That would be a pity given the scale and breadth of the PPP's success and given the clear message and given the clear message from the majority of voters that they want to cut loose from the parties and personali-ties previously associated with General Zia's 11 years of mili-tary dictatorship.

Complications

Acting President Isbaq highlights several complica-tions. First, he is not constitutionally obliged to call any particular party in the absence of an absolute majority. Second, he was a loyal supporter of General Zia and although he has played a straight bat so far his personal disapproval of the PPP and Its leader is well known. Third, it is too soon to

say that the army's admirable invisibility during the election means it has withdrawn permanently from politics. Its general antipathy towards the PPP remains strong in spite of Ms Bhutto's careful courting of the

military leadership. Mr Ishaq Khan's anxieties will have been reinforced by the weekend's provincial elec-tions where the PPP did less well than on Wednesday, Crucially, the IDA won in Punjab, which contains 60 per cent of the total population. It is not uncommon for the same voters to vote in opposite ways in dif-ferent tiers of the electoral process, as US and Western Euro-pean leaders know only too well, but the Punjah provincial election result gives the President his best excuse so far to overlook Ms Bbutto.

Impatience

Ultimately, Ms Bhutto might benefit hy not being called, provided she can control the impatience of her supporters. She has no parliamentary experience and would learn quickly as the leader of a strong opposition against a weak government. In addition, she might not have to wait long before a new roll and an she might not have to wait long before a new poll and an absolute majority which would guarantee her office, the army permitting. The pressing economic and social problems are severe and a weak and splintered IDA government would be on the pures from the start. be on the ropes from the start. If she takes office now her leg-islative programme, like that of the US President, will face the formidable obstacle of s hefty opposition majority in the Senate where no elections

are due until 1990. Nevertheless, the president should stick to the fair and proper course. Having got this far so peacefully Pakistan should not impede its own shaky steps towards proving that an Islamic democracy need not be a contradiction in terms. And the army must hold true to its recent discov-ery that its role is to serve rather than to control governments. Ms Bhutto is clearly going to be tested in power sooner or later and, all the risks and difficulties notwithstanding, the democratic pro-cess would, on balance, be best served by not denying her the

chance to succeed or fail now,

John Plender looks at the wider implications of the takeover binge

The price of corporate gluttony

re Anglo-Saxon capital mar-kets too accommodating towards takeover activity? Does the market for corpoand Does the market for corpo-rate control generate an economically efficient level and composition of takeovers? These questions are admit-tedly old chestnuts which tend to resurface at the peak of hull markets and takeover booms. But they have taken on new urgency in view of the controversy surrounding recent cor-porate raids in Britain and the boom in debt-financed takeovers and hovein debt-financed takeovers and buy-outs in the US.

Some leading British industrialists feel that the openness of London's capital market makes them unduly vulnerable to hostile takeovers by foreigners who are not subject to compa-rable discipline. Sir Hector Laing, chairman of United Biscuits, spoke for many at the recent annual conference of the Confederation of British Indus-try when he argued that the implica-

iry when he argued that the implications of a wave of foreign takeovers
had not been thought through.
From another perspective Mr Jack
Hennessy, chief executive of Credit
Suisse First Boston, argues that there
is far too little merger activity in
much of Europe. The fact that only
\$10hn (£5.5hn) of the \$267hn of mergers and acquisitions in the first nine
months of 1988 consisted of cross-border acquisitions by European compader acquisitions by European compa-nies is, in his view, an indication that Europe is not restructuring itself vigorously enough to take on the indus-trial might of the US and Japan.

In the US, concern over the post-1987 crash resurgence in takeover activity has multiplied in response to the sheer size and leverage involved in the recent hids for RJR Nahisco and Kraft which together involve more than \$30hn. There is also an undercurrent of hostility towards a spate of foreign hids. spate of foreign bids.

In responding to such fears govern-ments are constrained by one impor-tant macro-economic consideration: the countries with the most active markets in corporate control — the US, Britain and Australia — all have current account deficits that are sizeable in relation to gross national productions. uct. Direct inward investment and foreign takeover incursions represent the most stable form of long-term financing for those deficits and help reduce dependence on hot money. Given that the same countries also generate a high level of outward investment, the adoption of more restrictive takeover practice would at best be a double-edged weapon.

At the micro-economic level the uneven sectoral impact of the take-over boom also has to be acknowledged. There has been little hostile hid activity in commercial banking. for example, a relatively inefficient sector which might appear a suitable candidate for hostile takeover treatment. But this is partly excluded for reasons of public policy (official shorthand for protection) and for financial reasons: the leverage inherent in the structure of banking rules out beavily borrowed takeovers.

In declining industries such as tobacco, leveraged bids and buy-outs (LBOs) have been offering a solution to the problem of high cash flow and low stock market valuation. But in many internationally competitive sectors such as food manufacture, takeovers are merely providing an alterna-tive to direct investment in brand names and plant; this year's bid by the Swiss multinational Nestlé for the British food group Rowntree was an obvious case in point. In fact much of



the activity in the present takeover boom appears to have been motivated less by the textbook pursuit of a more efficient allocation of economic resources than by cruder forms of bar-

gain bunting. That description certainly fits a large proportion of the more highly leveraged hids. Indeed, the most striking new feature of the present boom is that it has been driven so extensively by bankers who are responding to the pressure of deregulation on their own industry. As the profitabil-

Investment bankers have perhaps been motivated more by greed than fear in their corporate financing activity

ity of their core lending business has waned under the pressure of unaccustomed competition, bankers have despatched any remotely plausible entre-presential client in pursuit of any takeover target with a cash flow capa-ble of paying fat interest rates and big

The reductio od absurdum in this process can be seen in Mr Alan Bond's Australian conglomerate, Bond Corporation, which has been accumulating a predatory share stake in Mr Tiny Rowland's Lonrho despite having a market capitalisation less than a fifth the size of Lonrho's, Since Bond Corporation's latest balance Bond Corporation's latest balance sheet shows a negative net worth after stripping out intangible assets, with a huge mountain of debt, one obvious way for Mr Bond's bankers to improve the quality of their existing loans to his company would be to finance a giant bid by him for any asset-rich group that can be bought at a discount to underlying asset value. a discount to underlying asset value.

Investment bankers have perhaps been motivated more by greed than fear in their corporate financing activ-

ity. But with the invention of junk bonds and the promotion of lymk bonds and the promotion of leveraged buy-outs they have fed the appetite of both commercial banks and savings and loan institutions for high-risk assets that are required to generate above-average returns to bolster depleted capital ratios.

depleted capital ratios.

A second conspicuous feature of the bid boom is the extent to which the aggressors appear simply to be reshuffling the pack. Many American academics argue that the share price increases of firms involved in hostile takeovers greatly overstate the efficiency using from acconsistions and ciency gains from acquisitions and that the benefit to shareholders is often won at the expense of other stakeholders in the acquired business such as employees, suppliers, pensioners and tax authorities.

Andrei Shleifer and Lawrence Summers, respectively of Princeton and Hawrence III.

Harvard Universities, suggest in a recent paper for the LSE Financial Markets Group that such redistributive takeovers could entail large efficiency losses; and that reneging on implicit contracts – for example with employees or present and future pensioners whose occupational pension schemes may be stripped – arguably destroys one of the most valuable assets owned by shareholders. They point to the US airline industry as a sector where takeover premiums are more likely to have reflected redistri-bution than efficiency gains.

If they are right, much takeover activity is simply a negative-sum game in which lost management time and investment bankers' fees represent wasted resources. And there is plenty of empirical evidence to support that view Indeed, a recent paper from Britain's Department of Trade and Industry highlighted the consisand industry nightighted the consis-tency of academic studies in finding either that mergers fail to generate efficiency gains or that the evidence that they did so was inconclusive. On that basis, a regulatory and fiscal bias in favour of neutrality or even of fewer takeovers sounds preferable to

a bias in favour of bid activity. The that hostile takeovers have played no part in the German and Japanese eco-

The problem is that there are no objective yardsticks to distinguish etween efficient and redistributive hids or to measure degrees of regula-tory bias. Nor is it possible to quan-tify the beneficial discipline exerted on management by the threat of take-over and the off-setting mediciency that arises where profitable long-term

A bias in favour of neutrality or even of fewer takeovers sounds preferable to a bias in favour of bid activity

investment or research is scrapped

under such pressure The German and Japanese examples are also misleading, in that an alternative discipline has been provided there by close long-term relationships between companies and their bankers. In Japan relationship banking is anyway breaking down as high profitability erodes indebtedness high profitability erodes indebtedness to the banking system. At the end of 1987 net debt of all non-financial companies on the Tokyo Stock Exchange was only 25 per cent of corporate equity. So the Japanese corporate sector now has Anglo-Saxon debt-equity ratios but neither Anglo-Saxon nor Japanese discipline, which could spell trouble for the future.

All this suggests that regulatory reform in takeover practice will, at best, be piecemeal and directed at specific excesses. In Britain, for example, Mr John Banham, director general of the CBL, has proposed a short menn of reforms including a reduction in the level of shareholding at which a predator is required to launch a hid from 30 per cent to 15 per cent. Far-reaching change is more likely to come on the fiscal front, where any bias in favour of takeovers can be quantified, and perhaps also in financial supervi-

sion.

Certainly in the US there is scope for tax changes. The replacement of equity with debt as a result of leveraged deals involves a substantial redistribution of resources from government to the corporate sector because of interest rehef. On some academic estimates, tax savings account for up to 80 per cent of the takeover premium paid by the buyer in leveraged bids and buy-outs. The problem here, as Susan Simon, Washington-based political analyst at Shearson Lehman Hutton, points out. Shearson Lehman Hutton, points out is that tax deductibility for interest payments is almost sacred in the US.
The bias is thus more likely to be tackled by a wider change in the structure of corporation tax. The fact that US companies pay a separate corporation tax means that the after-tax return that can be earned in the correturn that can be earned in the corporate sector is lower than the return available in the unincorporated sector. The additional burden is capitalised in company share prices, so that companies tend to be valued in the stock market at a discount to the replacement cost of their assets. That is partly why it is cheaper in the US to buy a company than to invest in new capital goods.

In Britain much of the discount to replacement, costs has been alimi-

replacement costs has been elimi-nated by Mr Nigel Lawson's reform of British corporation tax, completed in the 1936 Budget. And Australia has just moved to a system in which shareholders receive a credit for taxes paid at corporate level. Interestingly, Mr Alan Greenspan, chairman of the US Federal Reserve Board, has com-bined recent warnings about bank exposure to buy-outs with some kiteexposure to buy-outs with some sus-flying about a move away from a sys-tem in which tax incentives are granted for interest payments but not for dividends. But even if the new Bush Administration is sympathetic, a reforming tax bill would take a considerable time to make its way

through Congress.

The rapid huild up in the debt mountain and the ominous slide in the dollar since the presidential election suggests that time is not on the tion suggests that time is not on the supervisors' side. This is so least of all in relation to the savings and loan institutions, where the regulatory structure has been allowed to run down to the point of folly. The plight of the Federal Savings and Loan Insurance Corporation, which is calculated to need up to \$100hn to deal with thrifts that are already in difficulty, will have to be addressed early in the life of the new administration. The trouble with leverage is that it works for shareholders when markets

works for shareholders when markets are going up and hurts everyone when markets are going down. With debt service running at more than 50 per cent of US corporations' earnings - the highest level since the war and with numerous regional banks and thrifts in trouble, the point could soon be reached where the Fed is in much the same position as the bankmuch the same position as the bankers behind Australia's Alan Bond. Prudent action, in the shape of a tightening of monetary policy, may be ruled out for fear of the consequences for the debt laden corporate sector.

There are no ideal quick fixes to curb the excesses of the takeover boom. But the least bad solution must surely be a requirement for banks and thrifts to back their LBO loan and imk bond assets with more capital.

junk bond assets with more capital.

Neighbours

fall out

Something is clearly up between No 10 Downing Street and the Foreign Office. Or maybe we should take the simpler explanation, which is that the Government information machine is not working prop-

erly.
Although one normally inclines to the cock up rather than the conspiracy theory of politics, this time it looks a little more sinister. Take, for a start, a couple of reports over the last few days. It was said that the Prime Minister was about to snuh President Kenneth Kaunda of Zambia hy visiting Southern Africa during the Christmas recess without seeing him. That information did not come from the Foreign Office. Indeed the details of the Prime Minister's Southern African trip are still not clear: it could include an incursion into South Africa itself; it may not take place

funny business of whether the Queen will pay a state visit to the Soviet Union. Media reports over the week-end would have us believe that the Prime Minister will advise against. The newspapers often make mistakes, but they seldom make np stories from nothing. Someone has been giving some briefings; almost certainly not the Foreign

Office. There was also the affair of an article in The Times, attacking the independence of the Foreign Office, by one of those right wing maverieks who sometimes claim to have the Prime Minister's ear. Sir Geoffrey Howe, the Foreign Secretary, made (I thought) the mistake of replying to it in a letter to the newspaper. That opened the way to other attacks on the Foreign Office in the same paper, much on the lines of Norman Tebbit's remark that the Office represents foreigners in the same

OBSERVER

way as the Ministry of Agricul-ture represents farmers. Mrs Thatcher has not done much to come to Hows's defence.

She was also slow in defend-ing Chancellor Lawson when he got himself into a mess over targetting benefits to pension-sers. True, the mess was of his own making, but it was the Schadenfreude rather than the friendly hand that was

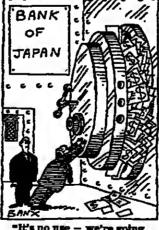
noticeable in No 10. The explanation may be that the Prime Minister is steeling herself for the big reshuffle next summer when some of the old stalwarts will have to go before the hid for the fourth term. Yet it is a bit early to start distancing yourself from your most senior (and success ful) Ministers. It may be dangerous as well when No 10 says one thing and other Departments say another. Remember the lessons of

the Westland affair. The Departments involved were all over the place on what was a relatively minor matter. Since it was the run-up to Christmas, there was no one around to prevent the affair getting out of hand. One just detects the beginnings of a similar carelessness, tempered by conspiracy.

MGM's tiger

It should have been a lion, of course, but the lion was sick, so a tiger turned up instead. MGM, famous for its roaring lion and old movies, has some into consumer elec-tronics.

The launch took place at Wallace Heaton in London's Bond Street yesterday morning. The first product is Plugar ound Sound, under which you can feed your existing hi-fi system into any room of the house, or even the garage or the garden without connecting wires. You simply plug a small



"It's no use - we're going to need a higger safe."

radget into any mains socket. it is being marketed through a company called International Media Communications and is the first of a series to bear the MGM brand.

The quality of the sound is high and the cost of Pingar-

ound is £199. Yet it still seeme a strange way to launch it. The promised movie stars did not turn up. The existing stock in Wallace Heaton needs a touch of the feather duster and, as I say, the lion was sick. Still, the stand-in five-month-old-tiger was terrific, was kept waiting in a lift as the nearest thing to a cage, took three han-diers to contain it and the few children there loved it. Maybe it is the old Hollywood adage: never act in front of children or animals; they will always

Canada today ■ The race for fourth place in today's Canadian election

upstage you.

is almost as compelling as for

Eight parties are bidding for the votes of Canadians disillusioned with the platforms of the three mainstreamers. They range from the Lyndon Larouche inspired Common-wealth of Canada Party to the Communists, who have run in every Canadian election since 1925 and won a seat in the 1940s.

Among those with realistic aspirations are the Greens, who are gaining momentum along with the environmentalist movement worldwide, and the fundamentalist Christian Heritage Party (CHP). The CHP may even have some minor say in the election's outcome. In a handful of rural ridings in Ontario and British Colum bia, they may snatch enough votes from the Conservative candidates to let in the Liber-als or the left-of-centre New Democratic Party by the back-

door.
The same may be said of the Reform Party, which is running on a platform of a fairer deal for western Canada Preston Manning, the party leader, may even embarrass former Prime Minister, Joe Clark, in his Alberta fiel of Yellowhead. Few expect Man-ning to win, but he should considerably cut the illustrious incumbent a majority

There is also the Rhinoceros Party. It wants the formation of a Canadian men's synchronised swimming team and a national holiday to be declared for the entire month of February. In 1984 it polled 100,000

Computer wine

■ Not just a bottle, but 10 cases of claret arrived at the Finanof claret arrived at the Financial Times for Observer last Friday. It seemed a bit much, even as an early Christmas present. So we started giving them away. It turned out be to a computer error. They were not meant for Observer at all. The wine merchants agreed, however, that we would have had no liability if it had all

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COMMUNICATION ·CONTROL·



EC Commissioner Willy de Clercq defends the Community's anti-dumping policy against its critics

s the world's largest exporter, as well as its largest importer, the European Community has a vital inter-est in maintaining a liberal system of est in maintaining a liberal system of international trade. But liberal trade is only possible, in practice, if industries can be sure that they are adequately defended against unfair trade practices. This is why anti-dumping has become an important feature of the Community's trade policy and why the number of major decisions taken recently has attracted such attention.

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Because the Commission has nothing to hide in this area, it welcomes public debate on its anti-dumping activities. Unfortunately, however, much of the recent press commentary on its actions is exceptionally misleading. To the extent that it results from genuine ignorance or misunderstanding of the Commission'a activities, such commentary can be regarded with tolerant amusement. But in other instances, the bias shown often reflects views long advanced on behalf of those found to advanced on behalf of those found to have dumped which have already been decisively rejected by the European Court of Justice. It seems, therefore, that the dumpers are now using their money to mount a media campaign, as a last resort, and there is a need to react to it.

Even though some academics still indulge in debate on the economic rationale for anti-dumping, the principle that injurious dumping is to be condemned is now firmly embodied in the Coursel Academic States. the General Agreement on Tariffs and Trade (Gatt). Moreover, all major trading countries take anti-dumping action — not only the Community, the United States, Canada and Australia, but also most Efta countries, Korse Layer and Morios Theorems. Korea, Japan and Mexico. There are several reasons for this approach, not the least being that dumping is considered to be unfair since it is based on an artificial, rather than a true comparative advantage, in the sense that the law river deep not recesses. that the low price does not necessarily result from cost-efficiency. It has also to be remembered that dumping is made possible only by market isolation in the exporting country, due primarily to such factors as high tariffs or non-tariff barriers and anti-competitive practices. This prevents the producers in the importing country from competing with the foreign supplier on his own ground while allowing him to attack their domestic market, by sales which are often made at a loss, or are financed from the profits made from the sale of the same or different products in a protected domestic market. If anyone has doubts on the fairness of such action, he should ask the business community whether they consider it fair to compete against exporters who have eccumulated super-normal profits while operating behind closed doors and then used these funds to attack

ers. But consumers are also produc- only 20 per cent.

Fair practice, not protectionism

tection against other dumped imports.
Also, the consumer's interest in gaining from cheep imports in the short term may be outweighed by his long term interest of ensuring the viability of production in the importing country. try, especially if the disappearance of this production leads to a lessening of competition there, or if the product is

of strategic importance.

The Community has always supported the elaboration of internation ally accepted rules in the anti-dumping area, as expressed in the Gait anti-dumning code, and it has strictly applied these rules. As the Commu-nity's major trading partners also base their legislation on the Gatt code, their is considerable similarity in the way that dumping is calculated. The Community's policy in this area, however, differs from those of other countries in one fundamental respect, that is it is incontestably by far the most liberal. Thus, in contrast to the practices adopted by its major

to the practices adopted by its major trading partners.

The Commission only initiates an anti-dumping procedure on receipt of a satisfactory complaint from the industry affected. Moreover, as many unsuccessful complainants can testify, the complaint is subject to the most rigorous scrutiny before it is accepted, and almost half are rejected.

The Community does not automate. The Community does not automatically apply anti-dumping measures, even when dumping and injury have been demonstrated. Before doing so it has to be established whether it is in the Community's interest to take such action. This does not mean that anti-dumping is used to achieve industrial policy objectives, but rather that the legitimate expectation of a commu-nity industry to be defended against unfair competition is carefully weighed against the interests of others, including consumers and processing industries, before measures are applied. If the interests of these other parties are overriding then no anti-

dumping action is taken.

Unlike the US anthorities, the Commission is not obliged to apply anti-dumping measures at rates which reflect the full margins of dumping established. On the contrary, under Community law the rate is restricted to that necessary to remove the injury caused. In practice, this means that in the majority of cases the duties Naturally, the effect of anti-dumping measures is to increase the price
of the dumped product to the consumwas 80.1 per cent and the duty was



 Price undertakings are frequently e Price undertakings are frequently accepted as an alternative to the imposition of anti-dumping duties. Thus, in the last two years, of the 45 investigations resulting in the application of anti-dumping measures, 33 were concluded by the acceptance of undertakings whereas only 12 resulted in the imposition of duties.

It will be apparent from the above that the Community's anti-dumping policy in no way resembles the protectionist caricature which is sometimes portrayed.

cature which is sometimes portrayed.
There is no question of the Community using its anti-dumping procedures as a substitute for its industrial policy or to strengthen its hand in blessed meanting.

bilateral negotiations.

It is probably in connection with the method of calculating the margins of dumping that recent press articles have most repeated in parrot fashion the arguments of the dumpers. These arguments have been so decisively rejected by the European Court of Justice that the challenge to the Com-

The main response to the

salary problems in all these

market-related subjects must

come from the Department of Education and Science and its

new funding institutions for

higher education. Only thus will the Government be able to

implement its policy that stu-

dent and employer demand should be an important deter-

provision for particular sub-

Chairman, Education and Training Directorate,

The Institute of Chartered

tion is unlikely to change within the next three years.

There has been on average a net increase in the number of solicitors admitted to the Roll

of just under 2,000 a year over the last decade so that the

practising profession has increased from about 30,000 to

about 50,000 today. Given the increase in places, the number of students passing the final exam in 1990 is likely to be in

the region of 2,900 compared with 2,300 in 1988 and about

Chairman, Training Committee The Law Society

2.000 in 1987.

R.C. Harvey

Insley Court Redditch

Moorgate Place, EC2

W.H.J. Mordy,

mission's methodology in this area has, in the Financial Times' own

words, now collapsed.

Also, those criticising the Commission's methods of calculation should compare the dumping margins recently established by the US authorities for ball bearings originating in Japan with the duties applied by the Community on the same products: 26-107 per cent by the US compared with 1-22 per cent by the Community. Allegations have also been made about the elasticity and obscurity of

the Community's anti-dumping procedures, though these are seen within the Gatt as being among the most transparent. This means that during an investigation, the interested parties are given the opportunity to defend their interests to the full, through their right to inspect non-confidential files, to request hearings or confrontations and to request disclosure conferences during which the Commission explains all details of the dumping calculations, including the

facts and the method epplied. Finally the decisions imposing anti-dumping measures, or closing the investiga-tions, set out in detail the facts and legal considerations on which the findings are based. Another feature of the Communi-

ty's legislation is its provisions relat-ing to so-celled screwdriver operations. These were necessary in view of the evidence that the duties imposed on imports of certain products were being circumvented. In discussions prior to their enact-ment, the anthorities of certain

exporting countries took the view that the provisions envisaged were too stringent. Community producers, on the other hand, claimed that they were too lax. The Community's main concern, however, was to guard against the flagrant circumvention of anti-dumping duties while ensuring that the provisions did not deter gen-uine inward investment. This aim seems to have been achieved. Direct investment from Japan into Europe increased by about 90 per cent in the year following the introduction of the provisions. Furthermore, in the investigations carried out, it was found that the assemblers have been able to switch the source of their components with comparative ease and once this happened the Community readily accepted undertakings from the assemblers and removed the duty on the assembled product. Although the Japanese authorities have raised this question within the Gatt, the Commnnity is confident that it will be able to justify its action in this forum.

In any event, the Community is not the only Gatt party to include provi-sions on circumvention in its legislation, similar provisions heing included in the United States 1988 Trade Act. But unlike Community provisions, those of the US may be applied to assembly in third countries as well as in the importing country. Moreover, a wide margin of discretion is left to the administrators and there is no provision for the acceptance of undertakings as an alternative to the imposition of duties on the assembled

Finally, it has been reported that between 1980 and 1985 the average advalorem rate of the definitive anti-dumping duties imposed by the Community was as high as 23 per cent. Taken on its own, the statement managed to convey the impression that anti-dumping actions result in a high degree of protection. To give a more balanced picture, it is worth pointing out that almost as many complaints were rejected In the period as those which led to the opening of an investigation. Moreover, definitive duties were only imposed in a fifth of the investigations concluded, and more investigations were terminated with-out measures heing applied than those resulting in definitive duties. In addition, well over twice as many investigations were concluded by the acceptance of price undertakings than by the imposition of duties. The author is European Commissioner

for External Relations

LOMBARD

Time to put the squeeze on pay

By Samuel Brittan

excessively high plateau, UK pay increases have been drifting upwards and are now around 9 to 9½ per cent - something not seen in the previous inflationary alarm in 1985. The escalation cannot be explained away hy overtime, which has remained stable over the last year.

But should we worry? Some industrialists tell us that pay rises offset by productivity rises offset hy productivity improvements are of no concern. The claim is only remotely plausible in manufacturing. Even here the ultrarapid productivity rises during an unsustainable boom cannot be expected to persist, however optimistic one is about supply side improvements.

opinistic one is a description of the same ding more workers rather than by clamping down on pay, the service sector may no longer be able to absorb the outflow and the present highly wel-come fall in unemployment could come to a halt or even reverse itself.

But be that as it may, do

excessive pay increases matter for inflation, as distinct from jobs and general economic flex-ibility? They do. Whatever hap-pens in manufacturing there is not the slightest chance of 9 per cent plus earnings increases being offset by pro-ductivity in the economy as a whole, where the underlying productivity increase can hardly be more than 4 per cent per annum, even if one adds to the official estimates.

On a monetary view of inflation, pay rises are indeed a symptom, or at most a link in the transmission mecbanism. But when direct measures of monetary growth or domestic spending in nominal terms are way above official objectives the labour market symptoms need to be taken extremely serionsly. The apparent onemonth improvement in the monetary indicators in October does no more than reverse earlier unfavourable blips.

In practice, excessive pay rises are being driven from the profit side in the private sector and by enulation or labour scarcity in the public. The restoration of profitability in Britypas and the sector and by enulation or labour scarcity in the public. The restoration of profitability in Britypas and the sector and sense that been declively the exact size or year's RPI peak.

fter many years on an ish industry after nearly two decades of depressed or negative real rates of return is one of the brighter sides of the Thatcher experience. But one can have too much of a good thing. The momentum of pay increases will not be broken until profits come under greater pressure than business is expecting at present. Such extra pressure on profits in turn requires an upward realignment of sterling of a good 5 per cent – either spon-taneously in the market place or under the impulse of further base rate increases.

There are two Whitehall arguments against such a course. The first is lear of antiinflationary overkill. Here the economic forecasters are simply joining the stock markets which have a good record in forecasting eight of the last five recessions. The second argument is fear of the knock-on effects of higher mortgage rates on the retail prices index - and in turn of the knock-on effect of the latter on pay deals. Too much attention is being paid by the old industrial establishment to the unfortunate threshold effects of supposedly key pay deals, above all Ford.

In general, talk of knock-on effects is used by lazy industri-alists to justify pay increases tbey would in any case be offering. Greater difficulty in affording higher pay is far more important than trying to massage the RPI by avoiding otherwise necessary increases in interest rates.

Knock-on and pay round effects are now probably much less important than the talking classes imagine. This much at least must be credited to the Thatcher revolution. Outside the declining minority of estab-lishments still dominated by old-fashioned pay deals, most working people and their man-agers are well aware that pay depends on what employers can afford and not on the sta-tistical aberrations of particular indices. It is about time that economic policy making caught up with a new mood. Even personal reputations will depend much more on the gen-eral sense that inflation has been decisively reversed than the exact size or timing of next

LETTERS

Accountants in academe

Sir, David Thomas reported on the problem of encouraging qualified accountants to enter the academic world (November 14). He correctly identified the differential between academic and professional salaries as the main hurdle to be overcome.

worth making in this context.

As Mr Thomas remarks, the accountancy profession is examining ways of extending additional help to its academic colleagues. The profession is already providing about £800,000 a year to academic departments, plns a substantial but unquantifiable amount of free part-time teaching and tutorial help.

The size of the staff recruit-ment and retention problem formed by accounting departments in universities and polytechnics, however, is now so large that it is unrealistic to expect it to be solved by private donations alone.

The problems of the accounting departments are only one part of a wider picture. In a number of other disci-

plines (for example, law, elec-tronics, computing, business education and some aspects of engineering), departments face similar difficulties in attracting people of the right quality.
Again, the private sector can
only play a limited role in helping to tackle these difficulties.

Steadily adding more solicitors to the Roll

From Mr R.C. Harvey. Sir, Mr Ben Williams claims In a recent letter (October 31) that the Law Society has failed to plan effectively for the longer term training needs of young law students. He seems to be unaware of the facts. first, to cope with the cur-rent shortage of solicitors. The College of Law, which provides the majority of places for the training of solicitors, is increasing the number of places dramatically. A new applications in the pipeline for 1989 which will provide 600 the final examination and the more places and further places made nation.

number is increasing by just under 30, per cent over the three years 1987 to 1989.
Second, due to government restraints on funding, those polytechnics which provide the remainder of the training bave, on the whole, been unable to increase their places. However, a number of other polytechnics have recently been authorised by the Law Society to teach for the Common Professional Examination and there are

evailable this year for both it is difficult to see how, in finals students and the non-law the light of these facts, which graduates taking the Common have been made public, Mr. Professional Examination, the Williams can say that the posi-

Exchange rate stability

From Mr W. Grey.

Sir, In his recent FT interview (November 10), the Chan-cellor said the climate created by greater exchange rate sta-bility of late had done much to improve world economic per-

Among its beneficent results he singled out faster economic growth worldwide and, in par-ticular, a worldwide invest-

That flexible exchange rates, far from constituting the automatic adjustment mechanism their proponents had claimed, would complicate investment planning, and so retard investment and growth itself, was

predictable. Nevertheless it was gratifying to have the opposite offi-cially confirmed. Perhaps, after years of benign neglect, those much-maligned architects of the Bretton Woods regime deserve a belated pat on the

Even so, the present situa-tion, though "markedly bet-ter," in the Chancellor's judg-ment, still leaves room for further improvement. The com-mitment to exchange rate stability is not everywhere yet as steadfast as it might be.

That is, of course - as the Chancellor doubtless realises - one of the reasons why full (not just shadow or fair-wea-ther) membership of the European Monetary Systam remains so essential.

Finchley, N3

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Health and safety at work legislation should be invoked

From Mr R.N. Coult.
Sir, It is difficult to understand how your legal correspondent can write about the criminal implications of the King's Cross disaster (November 12) without once mention-ing the Health and Safety at Work Act 1974. He seems to-show the same lack of appreciation of this important piece of: legislation as the railway inspectorate, which was prop-erly criticised in the Fennell Report for failing to implement

it during inspections. While it is true that prosecutions for manslaughter follow-ing major accidents have

because of the difficulty of well as public companies under and individuals, where individ-uals can be directly linked to the offence, should succeed under the Health and Safety at Work Act. Proceedings under the legislation in the Crown courts carry an unlimited fine; recently BP was fined £750,000 for serious contraventions at a

Scottish refinery.

Nor do I think that the prosecution of corporations is contrary to legal policy. as sted by Mr Hermann: As

demonstrating a guilty intent, the various acts relating to prosecutions of corporations health and safety at work. In most cases, the fines that were imposed caused little hardship, but nevertheless directors never liked the pul-licity which accompanied such prosecutions. In this way effec-tive pressure for improvement in health and safety standards was achieved. This pressure is much greater than any action for civil damages, which usu-ally only comes before the courts many years after the

one of HM Inspectors of Facto-ries for almost 30 years, I pros-the King's Cross inquiry and ecuted state corporations as recorded in the Fennell Report,

there should be little difficulty in sustaining successful criminal proceedings against Lon-don Underground. Unless such proceedings are instituted by the Director of Public Prosecutions in these circumstances where the Health and Safety at Work Act clearly applied (unlike the Herald of Free Enterprise disaster, where it did not), then no employee or member of the public can feel protected against negligence of management, however gross that may be. R.N. Coult, Vernon House.

FINANCIAL TIMES

Monday November 21 1988



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proise of

Janet Bush on Wall Street

Few props and fewer promises

MANY OF the distractions which kept a measure of optimism and a small injection of excitement in the equity market disappeared as soon as Mr George Bush was elected.

The most important red her-ring has been the hoom in takeovers, leveraged buy-outs and speculation about more and more deals. That bubble has begun to subside from a number of small pinpricks.

There was the unseemly haste of Senator Robert Dole who talked on the day after the election about taking action to dampen down the LBO fad. There was the withdrawal last week from the bidding for RJR Nabisco by Forstmann Little and its cohorts and then the apparently coincidental suits against RJR from ITT and Metropolitan Life which began the fight hack by conventional

bond bolders. Now that the right man has won that the right man has
won the White House and
stocks are deriving little support from takeover speculation,
there bas heen a return to
looking at longer run macroeconomic problems and fundamental values

mental values. Mr Alan Abelson of Barron's puts forward a fairly pessimis-tic view. "What really ails the market, we think, is that investors fear that in terms of business activity, corporate earnings and political congeniality, ings and political congenianty, it doesn't get any better than this; rather, on every score, it's due to get worse. Put another way, what's bugging investors is the prospect that the great expansion of the past six years will run out of steam some quarter soon."

What the financial markets

What the financial markets what the mancial markets appear to be discounting is the next recession, a slap in the face for the "New Agers" who believe that the business cycle can be prolonged indefinitely with the right policy mix and the Busb team which is banking on growing out of the budget deficit.

The sharp falls in financial markets since the election appeared partly to anticipate, despite immense respect for Mr central bank may overdo the monetary tightening which appears inevitably in store and tip the economy into recession.

It is conceivable that clever management by the Fed could allow the economy to muddle through. Mr Gregory Gleber, a macroeconomist with Smith Barney, says: "There is no rea-son for a business cycle to die because of old age. A cycle dies because of something exoge-

nous like poor policy."

If the Fed performs this balancing act, how much room is there for the market to rise on fundamentals? The answer is probably that the broad market is not likely to get much of a boost from earnings but that there will be opportunities with careful stock selection.

Mr Brian Fernandez, manag-ing director of Brean Murray, Foster Securities, whose money management arm achieved a 30.8 per cent return on its stocks portfolio in the first nine months, believes the market has some upside potential with large stocks fairly valued hut some smaller stocks still undervalued.

The company's strategists are predicting a 5.6 per cent increase in the profits of S&P 500 companies in 1989 compared with 1988, slightly more optimistic than the Blue Chip Economic indicators consensus of 4 per cent. Although this is less impressive than Brean Murray's forecast of a 29 per cent leap in profits this year nandez believes the market should rise both because of earnings and technical rea-

Economists at Paine Wehber which currently has 47 per cent of its model portfolio in cash, 18 per cent in stocks and cash, is per cent in stocas and 35 per cent in bonds, is more cautious, but sees potential in careful value-based selection. "It is striking today how one can huild a quality, value-based portfolio without relying based to an any particular mo heavily on any particular economic scenario playing out. This would seem to be a significant advantage given a conflict between the surprising strength and age of the eco-

nomic recovery."

At the pessimistic end of the scale are portfolio strategists at Oppenhelmer. They believe that, although in the long term a stock market selling at only six times its cash flow looks cheap, there is limited scope unless the Fed relaxes its

restrictive policies. They think that the market will start anticipating an economic slowdown in the second half of next year, implying that many of the cyclical industries may start to underperform the market, despite their profitabil-

Austria wins Hungary telecoms deal after lifting of embargo

AUSTRIAN companies are supplying Hungary with advanced western telecommunications equipment under the first major deal signed since the West's embargo on deliveries of digital telephone exchanges to the Soviet bloc was lifted in September.

The order, likely to pave the way for a large number of deliveries of such equipment to the Eastern bloc, has been awarded to the Austrian Telecommunications Company, a joint subsidiary of the Austrian electronics concerns trian electronics concerns Kapsch and Schrack. It is valued at between Schlim and Schlim (\$81m and \$162m). Under the deal, financed by an Austrian banking consor-

tlum, and involving some counter-trade transactions, the two companies are to deliver large digital exchanges based

on the DMS 100/200 model made by Northern Telecom of Canada. The equipment is due to be supplied to Budapest and seven other Hungarian cities, equivalent to a total of 100,000 Hungarian telephone lines.

The Northern Telecom product, already manufactured

The Northern Telecom product, already manufactured under licence in Austria for the country's telecommunications authority, is one of the most successful designs among the modern generation of advanced digital switches. It is widely sold in the US, and has also been supplied to the UK. Northern was unable to comment on the deal yesterday, but trade experts said it was unlikely it would have been struck without notification to the Canadian authorities.

the Canadian authorities. Despite the relaxation of the rules on the sale of digital

switches to eastern Europe.

ogy, which involves extensive use of advanced semiconducuse of advanced semiconductors and software, are still banned for exports from the West. Clearance can be given for most items by national governments, but some of the more sophisticated products still have to be vetted by the Parisbased Co-ordinating Committee on Multilateral Export Controls (CoCom), the Parisbased body which vets transfers of western technology to communist countries.

nist countries.

The breakthrough for the Northern Telecom switch in Hungary follows a smaller digital exchanges order, worth SKr47m (\$7.7m), awarded by Hungary in September to L.M. Ericsson of Sweden for an international exchange. Clean international exchange, Clear-ance has also been given by the UK for the export of the

System X switch made by GPT, a subsidiary of GEC and Plea-sey, which is negotiating for a contract in Bulgaria.

sey, which is negotiating for a contract in Bulgaria.

With all the main western telecommunications concerns jostiing for East bloc digital deals, the Austrian companies hope to use the deal — won in competition with West Germany — to establish a foothold on east European markets.

Kapsch and Schrack have agreed to furnish Hungary with know-how to assemble the systems for its own use and for export. This aspect still has to be approved by CoCom.

CoCom, grouping all 16 Nato countries apart from Iceland, plus Japan, agreed to lift, from September, a four-year-old embargo on sales of digital switches to the Eastern bloc. Such sales to China were liberalised several years ago.

villa in the north African state

- Meanwhile the time was now coming for African states to

take over the role of mediator from the US and seek to arrange reconciliation talks in

Resolution 435.
This provides for the positioning of a 7,500-strong UN task force in Namibia and implies a cut-off in supplies

from South Africa and hence a

less direct supporting role by Pretoria for Unita.

would fly to South Africa for talks with President P W Botha on November 23, at which he would ask for a clear statement of Pretoria's future policy

towards Unita.

He welcomed the victory of President-elect George Bush who, he said, had sent a message of support to Unita, and disclosed that he would soon

Dr Savimbi added that he

sible mediators

Australia's meaning of tight money

Despite the nervousness in the world's financial markets in the aftermath of the US electhe aftermath of the US-election and ahead of today's Canadian elections, the worst parforming major stock market
over the last fortnight has not
been New York or even
Toronto – but Australia. The
Australian All Ordinaries
index has fallen for seven trading days in a row – a drop of
close to 5 per cent – and the
culprit is interest rates.
Whereas, London, New York
and Toronto are searching anxiously for signs of any need for
further monetary tightening,
the Australian Reserve Bank
has raised its rediscount rate
three times in the last fortthree times in the last fort-night and ANZ increased its prime lending rate by half a

point to 16.5 per cent on Fri-

point to 16.5 per cent on Friday.

In many respects Australia is similar to the UK. It is running a hig budget surplus, its economy is booming and its October trade figures underlined its chronic balance of payments problem. But unlike the UK its inflation rate is declining and will soon be less than that of the UK – if it is not already – and its monetary policy is even tighter. The Australian dollar is at its highest level in three years and seems set to rise further, which may be good news for Australian be good news for Australian bonds but can only be bearish

Short Brothers

There is a bizarre contrast between next Wednesday's £2.5bn-plus privatisation of British Steel and Short Brothers, the Belfast aircraft maker whose sale was uncere-moniously advertised in the small ads last week. British Steel has been transformed from an inefficient, loss-mak-ing business into the most ing business into the most profitable steel company in Europe. Short Brothers, by contrast, is a high-tech com-pany which has been starved of investment, has a negative net worth of £100m, annual sales of around £250m, and has done no more than bre on a pre-interest basis for the last five years. It is hardly the sort of record which will attract the big spenders, so

why the hurry to get rid of it? The Government is prepared to spend years nurturing a mature business like British Steel back to health, yet is rushing to sell Shorts even before an up-to-date balance sheet is available. Shorts con-sists of three businesses, at least two of which have considerably greater growth and profit potential than British

FT~A World Index (in \$ terms)

el. The missiles business is the jewel in the crown, and the aerostructures side is a key supplier for companies like Boeing Granted, there is also the aircraft manufacturing business, the weakest part by the company's own admission. The current product range is almost at the end of its useful life, and if Shorts is to continue ife, and if Shorts is to continue
as an aircraft maker it needs
£500m plus to build the next
generation of commuter jets.
The Government's keenness
to get rid of Shorts before it
has to stump up for this latest
project probably reflects its
own dismal record at backing
and bretness ideas in the Prov-

dud business ideas in the Prov-ince. Despite its denials, the most obvious solution would be to break the company up.
Given more time, it should have been able to prove that
Shorts, like British Steel, is an opportunity_ rather than a disaster.

French takeovers

More than anything else, French and foreign investors can thank a succession of takeover attempts for ensuring the French stock market its pre-mier place among European bourses this year. The mar-ket's total return in local cur-rency terms has been nearly 48 per cent since the beginning of 1968, second only to Mexico among the world's markets and the best in Europe. A major attraction Paris is one of the few major Continental markets where corporate activity has built up enough momentum to give a

little spice to life. There are signs now, how-ever, that parts of the estab-lishment and some govern-ment figures believe it is time-the market settled down to a slightly quieter rhythm. Twice in the past three weeks, the heavy artillery of the establish-

industrialists and financiers stepped in to rescue the car-seat maker Epeda-Bertrand seat maker Epeda-Bertrand Faure from the hostile attentions of a variety of others; and, under very different circumstances, when a group of blue-chip heavies weighed in on the Société Générale share register last week against the troublesome Mr Georges Pebereau. The shadowy presence of the politicians complicates the issue in the latter case: but it seems there is some dispute in government circles over government circles over whether the State was right to encourage Mr Pebereau, how-ever tacitly, in his destabilising efforts. And whoever was truly

responsible, that situation seems to have lost most of its pizazz for the moment.

The establishment's reflexes may well favour solidarity even more in future. The government too. even more in future. The government, too, may tread carefully with the privatised companies for a while to avoid attracting foreign raiders. But price could also begin to make takeovers less appealing: with equity yields in the region of 3 per cent and government bond yields more like 9 per cent, the market is not exactly dirt cheap despite relatively low French ple ratios. And if more companies do as BSN did recently—buy a small bank to ensure that any raid on them would have to go to the bankwould have to go to the bank-ing regulators – deterrence could become almost a habit.

Virgin

Today's vote by Virgin shareholders on Mr Branson's proposal to retire from public life will be closely watched by those interested in following his example. The outcome is not quite guaranteed. Mr Bran-son and his colleagues control 63 per cent of the equity, but will not vote it; the scheme of arrangement requires either a simple majority of the remainder, or 75 per cent of votes cast. But with the shares closing on Friday at only 4p short of the 140p offer price, the mar-ket is not counting on an upset. And indeed, since the offer is plainly above the

underlying market value, there seems little reason to refuse it. Whether Virgin should form precedent is another matter. The company, like its founder, has a one-off character, and its lack of success with the stock market is largely due to mutual misunderstanding. Other companies—especially those which might propose to go private for a couple of years of unwonted effort, and then ment has been brought out to frighten off a predator: first when a party of white knight of the music. return - should be encouraged

Ca the two days.

Savimbi says Unita will fight on

By Anthony Robinson in Jamba

DR JONAS SAVIMBI, leader of the Unita rebel forces and the main excluded party from the four-nation Angolan peace talks, intends to fight on against Angolan government FAPLA forces until all Cuban troops have left and Luanda

agrees to form a government of national reconciliation.

Speaking at a press confer-ence in his southern Angolan bush headquarters, Dr Savimbi welcomed the draft agreement on Cuban troop withdrawals reached at last week's Geneva talks between Angola, Cuba and Sonth Africa and rejected secret initiatives aimed at persuading him to step down as Unita leader.

He also revealed that Unita and Cuban representatives had discussed an informal ceasefire deal last month in the Ivory

Coast when Unita handed over two captured Cuben pilots.
Unita, he said, would not harass departing Cuban forces as the Mujahideen were attacking withdrawing Soviet forces in Afghanistan because "the best victory is one which lets the enemy go".

While welcoming an eventual four-power agreement to settle the international dimension of the 13-year-old Angolan conflict. Dr Savimbl underlined that this would not end the civil war between the MPLA government in Luanda and Unita which lay at the heart of

the problem. Over the four weeks to November 15. Unita claimed to have killed 531 FAPLA and 12 Cuban troops for the loss of 48 Unita soldiers. Dr Savimbi predicted an end to the civil war within a year of the departure of Cuban troops, as the MPLA and its "demoralised army"

would be forced to negotiate an

Dr Jonas Savimbi, right, leader of Unita, has vowed to fight on against Angolan Cuban troops have been withdrawn from the country and Luanda agrees to form a government of national reconciliation. Units was the main party excluded from last main party excluded from last week's peace talks between South Africa, Angola and Cuba. Dr Savimbi welcomed the talks' draft agreement on Cuban troop withdrawals but rejected secret initiatives aimed at persuading him to step down as Unita leader. He also said Unita and Cuban representatives had discuss an informal ceasefire last

internal settlement after the

Cuban departure.

But before then, he predicted, FAPLA would try
another offensive and was already building np forces around Cuito Cuanavale for another attack on Unita's advance base at Mavinga, 200km north of Jamba.

South African long-range artillery and air strikes, have already defeated two big offensives against Mavinga in 1985 and 1987 and Dr Savimbi warned that Unita had stockpiled enough equipment to con-

tinue fighting.
Unita, he added, would defend Jamba "house by house if necessary". Among Unita's weapons are US-supplied. Stinger ground-to-air missiles and wire-directed Tow antitank missiles, which have given its forces protection against Angolan air superiority and Soviet-supplied armour. Outlining his plans for an eventual internal political solu-



tion, Dr Savimbi suggested that the first stage of reconcili-ation should be a provisional government to supervise gen-eral elections within two years. Elections would be to a constituent assembly. This in turn should draft a constitution allowing for a multi-party democracy and rights of oppo-sition parties.

In the absence of elections, he added, Unita continued to deny the legitimacy of what he called the "corrupt, inefficient MPLA Government" and refused to accept the one-party

Asked if he would consider stepping aside if that would facilitate national reconcilia-tion between Unita and the MPLA, Dr Savimbi launched a personal attack on President Denis Sassou-Nguesso of the Congo and President Omar Bongo of Gabon. He accused the latter of sending a letter to "my personal friend" King Hassan of Morocco asking the King to provide him with a

edged that it had been actively selling its loan portfolio, dis-

posing of about \$190m since

list, Brazilian loans were

quoted at 47-48 cents for each dollar face value. The price

dropped as low as 38 cents. After Irving withdrew the list,

prices recovered by 2 or 3

came just as the market began to recover from particularly

heavy selling by Canadian banks in late October. Several

banks, particularly Toronto Dominion and Canadian Impe-

rial Bank of Commerce, were said to be selling loans ahead of the end of their fiscal year

grown. While no data exist.

The sharp drop in prices

eptember. Before Irving circulated its

be seeing Mr Chester Crocker, the US mediator, at the Geneva talks. He also plans to visit the UK before the end of the year. Egypt backs Palestinian

state

Continued from Page 1 According to Israel radio, 37 countries have now recognised the Palestinian "state", which has no borders, controls no ter-ritory and as yet has no government. On Friday, the Soviet Union, a strong supporter of the PLO, said it recognised the proclamation of a state, as dis-tinct from full recognition of

However, no Western country has yet made a similar move. The US argues that the independence declaration prejudges the future of the Israeli-occupied West Bank and Gaza which should be settled hy negotiation. Britain describes the declaration as "prema-ture", and it and France say they cannot recognise a state without a defined territory. The setbacks for Israeli

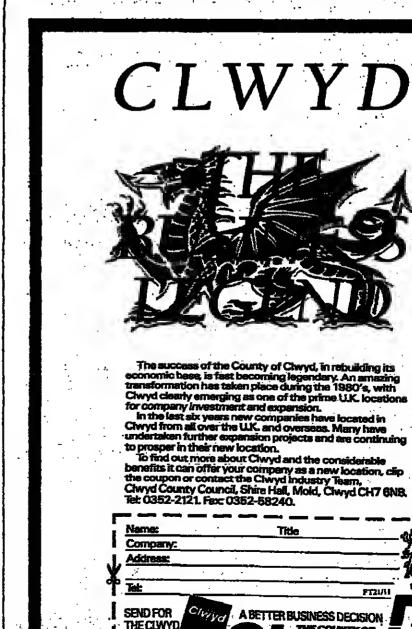
diplomacy come at a time of intense controversy over the ment after Israel's November 1 election. Labour and Likud appear to be edging towards a new government of national unity headed by Mr Shamir, after reaching agreement over the weekend on the broad prin-

ciples guiding such a coalition. Intense pressure for the two main parties to get together again, dumping smaller, ultra-Orthodox factions, has come both from vocal groups within Israel and from representatives of the 5.5m-strong Jewish com-munity in the US.

But a growing revolt of Labour backbenchers, led by Mr Uzi Bar-Am, the party's Secretary-General, could still

state any centeral, could still torpedo the plans, being sketched ont in private hy small negotiating teams.

The new Knesset, or parliament, meets today for the first time, amid indications that many secular members are unhappy with the scale of pro-posed concessions to the reli-gious fundamentalist parties.



Burger King plan opposed by franchisees

Continued from Page 1

forced to cut back on franchisee services. These include new product development, new equipment and training, Mr Pothitos explains, "even now they don't provide enough ser-

Some 86 per cent of Pillsbury's 6,000 stores worldwide are owned by franchisees, who have a total investment in the company of some \$2bn. Many franchisees have grown increasingly dissatisfied with Pillsbury's management in recent years and a group had been considering a leveraged buy-out plan for the fast food chain. But this has now fallen through, Mr Pothitos pointed

out.
Pillsbury management had scheduled a meeting for yester-day afternoon to consider the

ranchisees' letter. Nikki Talt adds: Grand Metropolitan said yesterday that it was pleased but not surprised that Burger King franchisees opposed Pillsbury's spinott and

restructuring plan.
The Grand Met offer expired

on Friday but is likely to be extended.

Irving Trust move hits Third World loan market

By Norma Cohen in London

THE MARKET in which loans to Third World countries are traded among banks was thrown into disarray last week after Irving Trust Co, the US bank, circulated a list totalling about \$500m of loans, mostly to Latin American countries,

which it wished to sell. Bankers specialising in sales of Third World debt said that prices of loans to Brazil and Mexico fell by as much as 20 per cent as a result of Irving's sales effort. At mid-week the market was so volatile that some normally active banks were reluctant to quote prices.

By the end of the week prices were said to have recovered a little after Irving with-drew much of the list. How-ever, the bank is believed to remain anxious to sell the towns in the hopes of capturing tax advantages before completion of its acquisition by Bank of New York, set for late November.

Irving declined to comment, saying it could not discuss any

on October 31.

The quick reaction in the price of Third World loans to Irving's attempted sales, and the subsequent recovery, highlighted the extent to which trading in the assets has grown While no data exist.

continuing sales programme. However, the bank acknowl-

run from \$15bn to \$25bn, although the figure may be boosted by double counting.

WORLD WEATHER Canada poll Continued from Page 1 discoonted. As many as 30 per

C T | September | C T | Relation | S 12 66 Relation | Relation | S 12 66 Relation | Relation | Relation | S 12 66 Relation | Rel cent of respondents told Angus Reid they might change their mind regarding voting inten-tions before polling day.

A confident Mr Mulroney spent the dying hours of the campaign in his native Quebec. The predominantly French-speaking province played a crucial part in the Conserva-tives' 1984 landslide but has seemed surprisingly irresolute in its support since Mr Turner's stronger than expected performance in the televised



FINANCIAL TIMES COMPANIES & MARKETS

Monday November 21 1988

warn bondholders in the prospec-tus for last April's issue that they were considering a leveraged buy-out. "It's a fairly traditional disclosure case," says Professor Harvey Goldschmid, a corporate law expert at Columbia Univer-sity in New York. "It's a matter of establishing the facts."

etLife is more amhitious. The insurer alleges Mr Johnson and RJR hroke a coutractual obligation to hondholders that goes beyond the letter of the indentures. Mr Johnson hroka an "implied covenant of good faith and fair dealing" with the bondholders hy "inteutionally destroying the investment grade character" of the bonds, as Mr Creedon put it.

Lawyers say this is further

Lawyers say this is further

Lawyers say this is further than any state court has gone in its interpretation of bondholders' contractual rights, "What they're trying to do is open up the court's thinking on management's duties in contractual terms," says Prof. Goldschmid, Ultimately, America's big institutional investors must decide where their interests lie. If insur-

where their interests lie. If insur-ers want to preserve a blue-chip corporate boud market for their

investments, they must cease fin-ancing leveraged huy-outs by tak-

ing equity stakes or huying the

"junk" deht issued hy the bought-out companies.

day that MetLife had been one of the largest equity investors in a

everaged huy-out fund arranged

in 1984 by Kohlberg Kravis Rob-erts, one of the Wall Street firms

hidding for RJR. MetLife has no

investment in KKR's current war chest but it still has about \$1bn

committed to bonds and equity in

leveraged huy-outs.
"We will carefully consider

Mr Creedon admitted on Thurs-

Vent-Axia. Fresh solutions to stale problems

Virgin poised to quit the stock market Shareholders in Virgin,

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INSIDE

the British leisure group headed by Mr Richard Branson, are expected today to approve a management buy-out — about two years after the group came to the stock market. It will be the biggest buy-out of a - quoted British company

But, with Virgin's profits expected to rise healthily in the 1990s, the move also raises questions about shareholders' investment hori-

A surprising Eurobond success Tha past week hardly seemed the ideal time to launch doller straight Eurobonds, with the US currency under pressure, market jitters over publication of the latest American trade figures and the threat of rising interest rates. But despite this, a couple of deals proved an undoubted success. Dominique Jackson tooks at the state of the market. Page 24

Management of the business through thick and thin



To describe a manager as "thick" is a compliment, rather than e term of abuse, in the lexi-con of Mr Henry Mintzberg, a Cana-dian professor of management. He defines thick as thorough, while "thin" means facile.

And thin management, he complains, gets too much promotion. Christopher Lorenz examines his ideas in the Business Column. Page 46

Conundrum for the gifts market The London gifts market had a generally lacklustre tone for most of last week yet closed on a strong note, taking heart from the UK's provi-sional money supply data for October. The main focus of interest, however, remains the Bank of England'a buying in activities and the implications of this for the market. Page 25.

Market Statistics Base lending rates 42. Morey markets:
Euromarket turnover 22. New Int hond issues
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US junk bond market Market size % of total corporate market

Wall Street dreams up a bondholder's nightmare

James Buchan explains why big investors have doubts about highly-leveraged buy-outs like RJR Nabisco's

large, unimaginably ers, possibly the largest expropri-ation of investors in American business history." headquarters, towering over New York's Madison Square, men in identical suits and ties ara repeated endlessly, as in a series

of mirrors. In every town in the US, there are MetLiffe salesmen pushing life, health or motor insurance, arranging pension plans or sell-ing houses. They send back \$40bn every year to the harried fund managero in New York.

MetLife is not a company that files nulsance lawsuits.

But last week, it sued RJR Nabisco. It accused the tobacco company's managers of betraying their lenders by trying to huy the company with billions of dollars of extra debt.

MetLife said it was suing not just to recover the \$40m it lost when its RJR bonds slumped in creditworthiness at the prospect of the new borrowings. It was also suing, said Mr John Cree-don, chief executive, "to preserve our great capitalist system" from Wall Street speculation and man-

agement greed.

MetLife was the second angry RJR bondholder to go to court, following a snit launched by the ITT industrial and financial services company ou Wednesday.

The suits are most unlikely to halt the \$20bn sale of RJR. But they are signs that big institutional investors have deep misgivings about the vast and highly-leveraged deals Wall Street is dreaming up. dreaming up.

For five years, US corporate bond investors have suffered, mostly in silence. To push up returns for existing shareholders or finance takeovers by raiders or or finance takeovers by raiders or executives. US corporations are going ever deeper into debt, allowing their credit ratings to tumble and handing huge losses to their existing bondholders.

Mr Morey McDaniel, an expert of bondholders' law who works at Union Carbide, calls this process "a massive transfer of wealth

etropolitan Life is a from bondholders to stockhold-large, unimaginally ers, possibly the largest exproprilarge, agglomeration of investors in American warn bondholders in the prospec-

ation of investors in American business history."
Insurers such as MetLife and ITT's The Hartford subsidiary have been hardest hit by the fall in credit quality. Bonds, both public and corporate, are ideal investments for insurance companies because their predictable income can be matched against fixed future liabilities on insurance products. ance products.

MetLife has around four times

more invested in bonds than in stocks and no less than \$50bn invested in blue-chip or "investment-grade" corporate bonds.

To protect these honds from downgrading, holders have little defence hut the covenants or indentures written into bond con-tracts. Bondholders, as lenders, have none of the fiduciary rights enjoyed by stockholders as owners. As recently as last month, the courts in the key business state of Delaware explicitly rejected arguments that hondholders are a fidnciary responsibility of management.

Last summer, a fretful group of

leading bond investors, including MetLife and Prudential Assurance, formed the Institutional Bondholder' Rights Association to lobhy for tougher indenture terms — including the redemp-tion of bonds at par — in the case of takeover or additional leverage. They told their fund managers to weight their portfolios with issues of big companies, such as RJR, which seemed impregnable to leveraged takeover.

his did not work. On October 20, RJR's senior managers, led hy Mr Ross Johnson, announced they wanted to buy the company. RJR's \$5bn in bonds, including e \$300m issue floated only in April, fell by over 15 per cent in price. For bondholders it was a catastrophe dholders, it was a catastrophe equivalent to a stock-market collapse.

In its suit, ITT is claiming that RJR's managers and Shearson we will carefully consider leveraged buy-outs in the future," Mr Creedou said on Thursday, "though probably with a more jaundiced aye." How jaundiced has yet to be seen.

The apparent relegation of James Baker

By Anthony Harris in Washington

Political jokes have a short shelf-life. "What do I expect of the Baker presidency?..." said my neighbour at dinner. He paused and smirked. "Excuse the Freudian slip," be said, "but it doesn't make much difference, does it." He probably suspects by now that it makes all the difference in the world.

the difference in the world.

The clue is Mr Bush's decision to appoint Governor John Sun-unu as his chief of staff at the White House. Mr James Baker, white House. Mr James Baker, who has been regarded until now as the big power in a Bush presidency — the Prime Minister to Mr Bush's constitutional figure-head, by some accounts — had quite a different plan for the White House. It was centred ou Mr Craig Fuller, an efficient organiser and a Baker intimate organiser and a Baker intimate, who is now to return to private life. Yet because it was the Baker plan, many commentators here regarded it as a fait accompli.

It now turns out not only that Mr Bush had ideas of his own, hut that he took his decision some ten days ago; although he allowed Mr Baker to go ou lobby-ing for his alternative until nearly the end of last week. Either Mr Baker had been kept in the dark, or he had over-esti-mated his own influence. He is

not the only one.

This is the second time the Vice-President has made his own vice-president has made his own unexpected choice. The first was that of Dan Quayle as running-mate. The judgment looks questionable, hut the pattern is interesting. Both Quayle and Sununu are aggressive members of the right wing of the party; Sununu led the personal attack on his fellow-Governor, Michael Dukakis, and ohyiously enloyed himkis, and ohviously enjoyed him-self uo end. Both are also proved campaigners on their own account. Mr Bush admires people who win elections, and has sent his own adviser, Mr Lee Attwa-ter, the teach the Republican Party how it is done. Mr Baker has only run for office once, and

All this suggests that the assertive Mr Bush of the campaign Clint Eastwood act put on for the cameras, and that he intends to be an assertive President, pushing his own agenda through a Democratic Congress. Conventional wisdom says that this cannot be done, but this judgment could be wrong for two reasons.

The first is summed up in the

old Will Rogers joke: "I'm not a member of any organised politi-cal party. I'm a Democrat." Like the British opposition, the party is an uneasy coalition, and always liable to split after a major defeat. Then there is the kinder, gentler Bush. He claimed repeatedly during the campaign that he and his opponents really wanted the same things - better educatiou, a cleaner environ-ment, and the rest. They differ on how to achieve them.

how to achieve them.
Since the whole Americau political spectrum lies to the lib-ertarian right of almost anything ertarian right of almost anything in Europe, there should be some common ground. The Democrats have already voted for one very conservative reform of the welfare system, and Mr Quayle's cosponsor of the training scheme, which is his most respectable achievement, was the arch-liberal Senator Kennedy. What is more Senator Kennedy. What is more the two men wound up as per-sonal friends; it was Mr Kennedy who said that Quayle-baiting was

unfair.
Mr Bush offered some conservative schemes for such things as child care during the campaign, hut he often seemed to be making them up as he went along. He can also choose from a large list of kiuder, geutler schemes offered hy such couservative think-tanks as the Heritage Foun-

Unfortunately some of these are pretty half-baked in practical terms – like the plan for tradeable pollution permits already dis-sected in this column. The savings-and-loan crisis shows what can happen when academics are put in charge of real-life "reforms". Mr Bush's success will depend heavily on the quality of the men he appoints to carry out his own agenda.

e has not made the most promising start. Mr Baker may not be Prime Minister, but he will no doubt be a very good Secretary of State, though he has a hard act to fol-low. Mr Quayle is immature, Governor Sununu effective, hut unfamiliar with Washington and with the world scene. Which brings us the only other major appointment yet confirmed, the Secretary of the Treasury.

intimate friend of the Presidentelect, and knows tha financial world well, hut not much else is yet known in his favour. Dillon Read, the hlue-blooded merchant head, the nue-nooded merchant bank, is thought to have per-formed sleepily under his co-chairmanship, and in an exciting time. His report ou the 1987 stock market crash was widely derided, and instantly pigeon-holed by the



Republican Convention, which seems an age ago, but had made no impression whatever until last

He chose to make his first public statement on television. He was interviewed about the weak dollar, the falling stock market and the deficit. He dismissed it all as a little nervous turbulence about a plan which was not yet published, but would certainly work. This display of compla-cency has created real shock.

ou will have read and heard enough about the deficit elsewhere to know that it is not likely to be easily eliminated; it is a blinding headache, and could yet derail the whole Bush venture before it even leaves the starting platform. Fortunately Speaker Wright of the House of Representatives has had an hour and a balf with Mr Bush on the subject, and came out impressed. He reports that the President-elect knows that this is a serious problem, and means to attack it with determination. We will simply have to

Some other serious problems may also be tackled early. There is suddenly a whole list of well-hacked schemes to solve the savings and loan crisis properly hy winding up the hankrupts rather than "selling" them (with guarantees against past aud future risks) so that they could

forget Mr Brady's television man-

ner, and wait and see.

go on running up losses.

This is a problem almost as big as the hudget deficit: the pub-lished figures show that some \$15bn of depositor's income has been found from their own capltal, rather than from payments hy borrowers.

The published figures certainly understate the scala of this officially-backed Ponzi scheme. A true solution will involve a charge on the Budget, something Mr Baker always said he opposed. It is not clear whether he was sincere in this, or simply buying time; and it uo louger

Finally, Mr Bush is soon to visit Mexico, where he will be confrouted with a still bigger problem. Latin American debt could wreck the whole hemi-sphere politically; the Baker plan, intended to solve it, has not worked, but was stubbornly defended by its author. Again Mr market crash was widely derided, and instantly pigeon-holed by the Administration.

He succeeded Mr Baker at the Treasury at the time of the delay the hold, or simply headstrong.

Economics Notebook

Japan has yen for reserve role

LAST FRIDAY afternoon, European time, and the world's major industrial powers are playing the game of international monetary co-operation.

After one and a half days of central bank intervention to prop up the dollar, Mr Nicholas Brody, the US Treasury Secretary Controls abroad, they can also act as collaborate. prop up the dollar, Mr Nicholas Brady, the US Treasury Secre-tary, declares on US breakfast-time television that he is not particularly worried by the currency's recent weakness. The dollar sags. In a damage control operation, some central banks buy more dollars. Frus-

trated, anonymous officials resort to strong language. Mr Brady's remarks have been "unhelpful"; they explain. In the sotio voce world of central bankers, this is the nearest they get to an expletive.
Nobody, least of all Mr
Brady, appears to have asked
whether the central banks
really wanted to buy and hold
the 55hn or so that they report
edly accumulated in the final
two days of last week. The dollar's position as the dominant

reserve currency seems But away from the hectic conditions of the currency markets, people are beginning to question whether 70 per cent of the world's currency. reserves should still be denom-

lar's position as the dominant

inated in dollars. Japan, in particular, has urged that the dollar's role in world trade and finance should be shared more equally with the yen and the major Euro-pean currencies. In enhancing the openness and liquidity of Tokyo's financial markets, the Japanese government is effec-tively inviting other nations to invest some of their reserves in yen. According to one senior official from the Group of Seven countries, reserve diversification is "no longer a taboo subject" in international monetary discussions.

Surprisingly, in view of the upheavals of the past 20 years, the dollar's role as the dominant reserve currency has changed little. In its latest annual report, the Bundesbank calculated that 72.5 per cent of the \$567bn worth of world foreign exchange reserves at the end of last year were held in dollars, followed by the D-mark with a 14 per cent share and the yen with 6.75 per cent.

In 1970, according to the Bank for International Settle-ments, the dollar accounted for 77.2 per cent of global foreign exchange reserves, followed by the pound sterling with a share of around 10 per cent. The D-Mark made up barely 2 per cent of world reserves while the yen did not figure in the statistics.

Between these two snap-shots, a lot of things happened. In 1971, President Richard Nixon ended the right of for-eign central banks to convert their dollar holdings into gold. The US continued its relative decline in economic improvements of the tance vise-vis the rest of the world. Under President Ronald Reagan the US switched from being a net creditor to a net

debtor nation. iry sought a reserve role, for-eign central banks had to keep faith in the dollar. Some \$411bn worth of reserves were invested in the US currency by exchange market when they the end of last year. were having to buy the US cur-

iffication is "no longer a taboo Japan's willingness to abject" in international mone enhance the yau's international mone enhance the yau's international role is most unusual.

For most central banks, Countries have generally Peter Normal

avoided the reserve currency role because it can restrict freedom of action in domestic

monetary policy. In 1976 and 1977, Britain successfully sought international assistance to reduca the reserve role of sterling. Over the past twn decades, West Germany first resisted and later did nothing to encourage the gradual emergence of the D-Mark as a reserve currency.

Japan's policy of boosting the yen is unlikely to lead to a dramatic drop in dollar reserves so long as the G7 nations keep up their efforts to maintain currency stability.

The heavy intervention required to support the dollar under the February 1987 Louvre Accord was a major factor behind the \$125bn rise in the dollar component of global foreign exchange according to 1987.

eign exchange reserves in 1987. But the Japanese initiative could be of significance in Asia, where increased use of the yen would strengthen Japa-nese influence, and pose some problems for the G7 countries in managing future dollar sup-

Reserve diversification could be particularly attractive to countries with large idle balances of foreign exchange ances of foreign exchange accumulated as a result of per-sistent trade surpluses. Several of Japan's newly industrialised neighbours fit this category. Acquisition of strong yen in exchange for weak dollars would be one way for them to preserve their national wealth. The problem for the G7 But because no other counnations, if their resolve to being sold on the foreign

Peter Norman in September.

UK TRADE figures for October

financial markets this week with analysts fearful that another big deficit could undermine confidence in

sterling. September's figures showed a much smaller than expected leficit, providing some encouragement for markets. However, the consensus of analysts' forecasts, compiled by MMS International, the financial research company,

is for Friday's figures to show a current account deficit of £1.1bn (\$2bn).

A much larger figure could trigger fresh fears that the economy is growing too fast and that inflationary pressures

are mounting.
Its size could also influence speculation about future interest rates.

Canadian financial markets will be on edge today, as one of the most significant general elections in Canada's history decides the fate of trade with

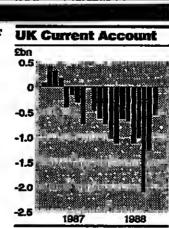
Mr Brian Mulroney's ruling Progressive Conservative Party is fighting with Mr John Turner's Opposition Liberals over the US-Canada Free Trade agreement, which would reduce tariffs and clear the way for further expansion of trade between the two nations.

Mr Mulroney is committed
to the deal, but Mr Turner and

Mr Ed Broadbent, leader of the New Democrats, would repudiate it. UK preliminary gross domestic product figures for the three months to September are published on Wednesday

and are likely to show continuing strong economic growth. The consensus is for a rise of 1.2 per cent. US inflation features on Tuesday when the consumer published

The index is expected to have been held in check by energy prices and the consensus is for an increase of 0.3 per cent, the same as



The advance report on measuring orders in the pipeline, is released on Wednesday, providing an early indicator of future industrial

production.
The index tends to move erratically but the consensus is for a rise of 1.5 per cent.

The Japanese consumer prices index, one of the most closely watched domestic indicators, is published on

Friday. The inflation rate is regarded as under control but some analysts anticipate a slight rise in October to about 1 per cent a year.
Other events and statistics

this week (with MMS International consensus in brackets) include: Today: Full meeting of the Organisation of Petroleum

Exporting Countries (Opec) in Vienna Tomorrow: US Federal adget for October (\$28bn deficit). Two-year Treasury bill auction. UK huilding society monthly figures for October. Canada, August

building permits. Wednesday: US 10-day car sales. Five-year Treasury hill Thursday: UK cyclical

indicators in October. Energy Trends in September. Friday: US October home sales. UK engineering indices of production.



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INTERNATIONAL CAPITAL MARKETS

EUROCREDITS

Subscribers risk possible losses to join syndications

WHILE BANKS are under pressure to demand more gen-erous margins from leoders, lt is clear that pure profitability is still a secondary consider-ation in deciding whether to

participate in a syndication.

BZW, arranger of a £500m
(\$908m) multiple option facility
for British Steel – whose fees barely covered banks' reserve asset costs — said that syndi-cation for the facility had beeo completed and oversubscribed. In a tersely worded release, BZW said: "As expected, bank-ers acknowledged the tight priciog but understood and accepted that the strength and profile of British Steel warranted such terms in today's market conditions."

Separately, BZW also said that a previously announced £250m revolving credit facility for Whithread, the British brewery, had heen oversub-scribed and was helng increased to £400m.

While BZW declined to reveal the terms, it described the loan as one sought with Whitbread's "relationship" hanks, generally assumed to mean those who hope to do other, more profitable, husiness with the borrower.

The key to the deal's success may be a so-called bilateral clause under which Whitbread approaches each bank in the deal separately to negotiate

Unlike typical lending facilities in which the borrower's sole contact is with the agent. the bilateral clause allows each hank to cement its own rela-

tionship with Whitbread. Certainly, profitability was a secondary consideration in the case of a £180m five-year note issuance facility, initially sought by arranger Banque Paribas in late spring for an

innovative mortgage lender. United Mortgage Corp. Secondary syndication, begun in September, has just been completed, with 15 banks providing over £100m of the funding. The borrower is a cor-porate warehouse which holds mortgages originated by Leam ington Spa Building Society but held off its balance sheet.

Ultimately, UMC intended to

issue commercial paper to finance its mortgage portfolio.
On their own, the terms are quite generous. There is a margin of 40 basis points over London interhank offered rates of these pages of the commitment for a final state. (Libor), a commitment fee of 20 basis points and various undis-closed participation fees.

However, because of the unusual structure, banks were

unusual structure, banks were slow to sign up. "The initial response was disappointing," said one banker.

Learningtoo Spa was anxious to begin using its new affiliate immediately in order to capitalise on hnge mortgage demand ahead of changes in the UK tax code. In order to belp out its client Paribas help out its client, Paribas extended a £20m bridging loan, allowing UMC to take new mortgages on to its book right

away.

In the meantime, Paribas found a group of four underwriters, each of which agreed to provide \$45m of the NIF.

The four, BNP, Mitsubishi Trust, Fuji Bank and Paribas, have set about completing.

have set about completing a secondary syndication of the loan to limit their exposure. Separately, SG Warhurg is arranging a £250m five-year

multiple option facility for Anglo Leasing, a UK small-ticket leasing company. There is a facility fee of 12% basis points, a margin of 20 basis points and a utilisation fee if over 50 per cent of the funds are drawn upon.
Also in the market is

\$260m aircraft financing facility for Norway's largest airline, and Far East Transport. It is arranged by Manufacturers Hanover, which is a co-under-

Hanover, which is a co-under-writer along with Long Term Credit Bank of Japan.

The facility includes a revolving credit option for up to \$75m during the availability period for pre-delivery financ-ing. An availability fee is pay-able on the revolving credit of able on the revolving credit of 12% basis points regardless of usage and drawings carry a margin of 421/2 basis points.

Norma Cohen

INTERNATIONAL BONDS

Ecu-dominated issues triumph against all the odds

WITH the US currency under pressure and the prospect of higher interest rates still on the horizon, syndicate managers agreed that the choppy waters of US trade figure week were not ideal for launching dollar straight Eurobonds.

"Only two, maybe three, houses could afford to bring a naw dollar straight in this environment," commented one senior syndicate official and, in the event, only a handful of issues emerged in the

Credit quality continues to be the market huzzword and many houses were husying themselves last week trying to think up more ways of reassuring investors who have been more credit-conscions than ever since the latest round of highly levaraged takeover attempts in the US stripped the corporate bond market of

much of its attraction.

Given this background, the undoubted success of a couple of last week's deals would seem to defy all logic, proving perhaps that investors' emotional motivation can sometimes outweigh more prag-matic reasons for choosing one

bond above another.

The non US-dollar portion of the market was husiest last week with a surprising Ecu 475m issued in the com-posite currency, taking the total in the last fortnight to over Ecu 1bn. This is a rather hefty amount for a sector that remains largely dependent on retail investors and where a

swap-related rush of new paper such as this still tends to lead

to severe congestion.

The high level of new issue volume has meant that the sector is already fairly full of top-rated credits, including the European Community, Creditanstalt and Italian state railways Ferrovie dello Stato, which carries the guarantee of the republic of Italy.

This did not appear the most promising acenario against which to launch a buge Ecu 250m three-year deal for a unit of Swiss food concern Nestlé, the largest bond for a cor-porate borrower seen in the The issue was the first of the

Swiss group's moves last week to prompt widespread market speculation that it was once again planning a hid for another company in the UK foods sector, following its £2.55bn (\$4.63bn) victory over Rowntree earlier this

Nestlé also announced it

would allow registered shares, which carry voting rights, to be held by foreigners who had previously been entitled to huy only non-voting bearer shares. The issuing company of last week's Ecu bond, Nestle Holdings Inc, does not have an official credit rating and the deal does not carry a formal guar-antae from the parent com-pany, which is triple-A rated. Nevartheless, the name

behind the issue proved such a pull to the Swiss-based and

manager Bankers Trust Inter-national was able to bring the deal to the market at a yield level of 7.37 per cent, several least 51 per cent of the issuing company, which is a holding company for the Swiss chocolate manufacturer's US interbasis points narrower than that on the three-year tranche of the jumbo EC issue led by Credit Suisse First Boston last Although not a novel fea-ture, the put appeared to appeal to several investors as

Significantly, this yield mar-

ECU Bond Yields

gin continued to narrow dur-ing the first few days after launch as demand for the issue remained strong. Dealers said late last week that it was still too early to assess the impact on the issue's performance of the parent company's moves to equalise its bearer and registered stock and the concomi-

tant bid speculation.

Both the borrower and lead manager highlighted the investor put option at par, which was exercisable if the parent

adequate protection against the kind of risk that has

dogged other US corporates Perceptions of credit were also cited by sector specialists to describe the reception of another Ecu-denominated issue

Although Banque Paribas Capital Markets, a house recog-nised for its Ecn placement capabilities, was the lead man-ager on a five-year deal for the Halifax Building Society, the issue's reception was far cooler than that accorded Nestle and it was languishing well outside

end of the week.

However, before the week was out, the same borrower had tapped the Euroyen mar-ket via IBJ International with an issue that won plaudits all

The acute shortage of supply in Euroyen, due to the unfa-vourable swap rates that have affected the sector all year, has ensured success for all recent deals in the currency. The World Bank and Norwegian Investment Bank have been among the borrowers to take advantage of this appetite. It is apparently still high,

judging from the reception for the Halifax deal which, although fairly priced and mar-ginally more attractive than the building society's outstanding 5 per cent five-year Euroyen issue, does not carry as high a credit rating as the two aforementioned borrowers. Its AA-/AA1 credit rating was clearly of significance to the larger and mora profes-

sional investors who came into the yen deal. Yet it was patently not so persuasive for the Continental retail accounts at which most Ecu-denominated paper is aimed and which have already had the opportunity to pick up an attractively rated quasi-sover-eign five-year Ecu issue in last week's Ferrovie dallo Stato

The building societies, particularly the larger ones, have been at pains to raise Euro-pean investor consciousness of

late, but it would appear that they still have some way to go.

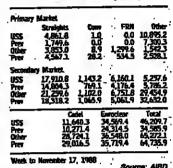
As one syndicata manager explained, the legions of "Belgian dentists" are still under the impression that huilding societies are a form of sec. societies are a form of sec ond-rate competition for their own regional savings banks and landesbanken, all of whom continue to issue reams of debt which is bound to be of greater

Appeal.

However, the Hallfax expressed its approval of both deals which form part of its strategy to diversify the currencies in which it borrows.

An official in the building society's treasury department accepted that the Ecu bonds would probably take some time. to place. However, he com-mended hoth lead managing houses on the way in which they executed the deals.

Dominique Jackson EUROMARKET



company ceased to control at

						NEW INTE	RNATIO	HAL BOND ISSUE	:5						<u>:</u>	
Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Prica	Book runner	Offer yield	Borrowers ECUs	Amount -	Meturity	Av. life years	Coupon %	Price	Book runner	Offer	
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Bergen Bank (d)◆	100	1994	5	74	101%	IBJ Int.	•	Nordic Investment Bank	400	1994	5	958 .	100 ³ 2	Postipsnikki		9,4
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This announcement appears as a matter of record only.

Argus Press Limited

£140,000,000 Management Buy-Out Financing

Arranged by: **Chemical Bank**

Lead Underwriters: Chemical Bank **Continental Bank** The Dai-Ichi Kangyo Bank, Limited **National Westminster Bank Group** The Toronto-Dominion Bank **Westpac Banking Corporation**

Managers: **Bank of Scotland** Canadian Imperial Bank of Commerce Commerzbank Aktiengeseilschaft, London Branch **Credit Suisse** The Industrial Bank of Japan, Limited Mellon Bank 3i plc The Fuji Bank, Limited

Agent: **Chemical Bank**

CHEMICAL INVESTMENT BANK

BANKING

October 1988



International Bank for Reconstruction and Development

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Bankers Trust International Limited

Banque Générale du Luxembourg S.A.

Bergen Bank A/S

Credit Suisse First Boston Limited

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Privatbanken A/S

November 1988

This announcement appears as a matter of record only. The Securities referred to below have not, as part of the distribution, been registered under the United States Securities Act of 1933 and may not be offered, sold or delivered directly or indirectly in the United States of America, its territories

OMARKET OVER (\$m)

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finland lid



Household Financial Corporation Limited (Incorporated under the laws of Ontario, Canada)

Can. \$75,000,000

11 per cent. Guaranteed Notes due 1993 unconditionally guaranteed by

Household Finance Corporation (Incorporated under the laws of Delaware, U.S.A.)

Issue Price 1011/4 per cent.

Union Bank of Switzerland (Securities) Limited

Goldman Sachs International Corp.

RBC Dominion Securities Inc.

ScotiaMcLeod Inc.

Wood Gundy Inc.

Banque Bruxelles Lambert S.A.

Commerzbank Aktiengesellschaft

Crédit Lyonnais

Generale Bank

Kredietbank International Group

Shearson Lehman Hntton International

Westdeutsche Genossenschafts-Zentralbank eG

This announcement appears as a matter of record only. These Notes have not been qualified for sale under the securities laws of Canada or the United States of America.

24th October, 1983



Can. \$75,000,000

11 per cent. Notes due 1993

Issue Price 101% per cent.

Union Bank of Switzerland (Securities) Limited

Credit Suisse First Boston Limited

RBC Dominion Securities International

Wood Gundy Inc.

Banque Bruxelles Lambert S.A.

Commerzbank Aktiengesellschaft

Crédit Lyonnais

Generale Bank

Kredietbank International Group

J.P. Morgan Securities Ltd.

Goldman Sachs International Limited

Société Générale

Westdentsche Landesbank Girozentrale

Banque Générale du Luxembourg S.A.

Banque Internationale à Luxembourg S.A.

Crédit Communal de Belgique S.A.

Leu Securities Limited

25th October, 1988

*Trade marks of Coca-Cola Ltd.

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Can. \$100,000,000

Ford Motor Credit Company

101/8% Notes dne August 31, 1990

Issue Price 101 per cent.

Union Bank of Switzerland (Securities) Limited

Commerzbank Aktiengesellschaft

Goldman Sachs International Corp.

ScotiaMcLeod Inc.

Wood Gundy Inc.

Algemene Bank Nederland N.V.

BNP Capital Markets Limited

Bankers Trust International Limited

Banque Bruxelles Lambert S.A.

Banque Internationale à Luxembourg S.A.

Credit Suisse First Boston Limited

Crédit Lyonnais

Daiwa Europe Limited

Merrill Lynch International & Co. Yamaichi International (Europe) Limited This announcement appears as a matter of record only. These Notes have not been qualified for sale under the securities laws of Canada or the United States of America.



Can. \$100,000,000

Montreal Trustco Inc. (Incorporated under the laws of Canada)

11 per cent. Debentures due October 25, 1993

Issue Price 101% per cent.

Union Bank of Switzerland (Securities) Limited

Banque Bruxelles Lambert S.A.

Goldman Sachs International Limited

SBCI Swiss Bank Corporation Investment banking

Société Générale

Wood Gundy Inc.

Banque Internationale à Luxembourg S.A.

Chase Investment Bank

County Nat West Limited

Daiwa Europe Limited

Crédit Commercial de France

Crédit Communal de Belgique S.A./Gemeentekrediet van België N.V.

Crédit Lyonnais

Genossenschaftliche Zentralbank AG-Vienna

Generale Bank

IBJ International Limited

Mannfacturers Hanover Limited

Mitsubishi Finance International Limited

Mitsui Finance International Limited

Sumitomo Finance International

US MONEY AND CREDIT

Doomsday scenario paints a slump

THINGS COULD go terribly wrong for the US during the next year, if the shaky performance of financial markets since the US election tells us

anything.
The doomsday sceoario includes a collapsing dollar which forces the US Federal Reserve to raise interest rates just when the economy is finally starting to slow down and when inflationary pressures are already built into the

There are those who believe that, while there are still overbeating concerns after a set of figures showing strong October growth, a recession could be triggered as early as the second half of next year if the US Federal Reserve responds aggressively to a weak dollar and inflation worries.

As far as the twin deficits are concerned, according to the dcomsday scenario, a deprecia-tion in the dollar would not help the trade balance signifintly because those industries at the centre of the export boom are banging np against capacity constraints.

Few have any faith in Mr George Bush, the president elect, and Congress taking effective action to cut the defi-

becomber 1983 - 100

cit, at least until the first deadline for mandatory cuts under Gramm-Rudman-Hollings comes up next August. Lack of faith is overwhelming as Mr Bush prepares to take office.

Alan Greenspan, chairman of the Federal Reserve, who last week sounded stern warning shots across the bow of the The General Accounting incoming Administration in a

One of the most influential voices in this debate is Mr

speech to the hopelessly divided National Economic

Commission, whose report on how to cut the budget deficit seems as far as ever from being completed.

The most significant section of Mr Greenspan's speech was his overt and categoric rejec-

tion of the Bush campaign

team's notion that the US econ-

omy can simply grow out the hudget deficit. That theory, said Mr Greenspan, would require an "arcane set of assumptions."

"The political outlook is for grid-lock - not a good scenario for an ambulance driving administration stuck in traffic with a budget deficit heading for intensive care in trainc with a budget denote heading for intensive care and spilling red ink on the way. The foreign investor is tired of providing the never-ending transfusions for this patient. Meanwhile, the President-elect and Congress keep bickering about the kind of tourniquet to use. It's a desperate image for a desperate situation'

Office, the independent Congressional watchdog agency, rejected the budget deficit-cutting plans of both Mr Bush and his Democratic rival Governor Michael Dukakis, and said in a report published on Saturday that any plan to reduce the def-icit would have to include cuts in spending and rises in taxes. including personal income tax.

This runs directly counter to Mr Bush's campaign promise - "Read my lips" - not to raise taxes and adds another formidable voice to the chorus that remined silent during Mr Bush's run for the presidency but has become voluble since

Source: Salo

PERFORMANCE INDEX .

147.19

4.86

143.30

5.29

5.04

Australian

Telecommunications Commission

of the Commonwealth of Australia)

A\$150,000,000

12½ per cent. Guaranteed Exchangeable Notes due 1992 Exchangeable into 121/2 per cent. Telecom Australia Stock 1992, Series 2010

> Guaranteed as to payment of principal and interest by The Commonwealth of Australia

> > Issue Price 98% per cent. plus accrued interest

yield (%)

4.53

his victory.

US MONEY MARKET RATES (%)

US BOND PRICES AND YIELDS (%)

Money supply: In the week ended September 7 M1

NRI TOKYO BOND INDEX

17/11/86

He raised the spectre of an investment strike by the over-seas institutions that have funded the deficit throughout the 1980s, saying that foreign capital inflows would not be sustained at current levels.

Mr Robert Brusca, chief

economist with Nikko Securi-ties in New York, which can read better than most the smoke signals coming out of the Tokyo investment community, is alarmed. The economic situation is difficult. But the political outlook is for grid-lock - not a good scenario for an ambn-lance-driving administration

stuck in traffic with a budget deficit beading for intensive care and spilling red ink on the way. The foreign investor is tired of providing the never-ending transfusions for this patient. Meanwhile, the president-elect and Congress keep bickering about the kind of tourniquet to use. It's a desperate image for a desperate situation."

Financial markets tend to oscillate violently between despair and euphoria and they invariably overshoot. They may be overdoing the pessimism now.

Nevertheless, a market that has decided to try and find the

bottom for the dollar at a time when the Administration is simply saying that everything is swimming along nicely is a adache for the US Federal

It is a mark of the deep cyni cism of Americans during the Presidential campaign and the financial markets since the election that Bobby McFerrin's cheery chart topper Don't Worry, Be Happy has become an ironic comment on Bush

and his team.
Financial markets do not want to hear complacency and the dollar started falling again ast week as soon as Mr Nicholas Brady, who will be the new Administration's Treasury Secretary, said that he was not worried about current pressure

Mr Greenspan is clearly con-cerned about the dollar and told the National Economic Commission that the financial markets needed evidence that the Bush Administration would act on the deficit.

The Fed is plainly worried about the awesome respon tity it faces while there is fiscal deadlock in Congress. Until direct and effective action is taken on the deficit in Wash-ington, the brunt of policyaking will fall squarely on the central bank.

The outbursts of official concern since the election, coupled with the thumbs-down of the financial markets, may of course prove positive in the long term and serve to concentrate minds within the new Bush team and Congress.

As Ms Maria Fiorini Ramirez of Drexel Burnham Lambert put it in her market report last Friday: "The worse it all gets near term - that is, the dollar, the equity, the fixed income markets - the better it could be longer term."

While everything at the moment points to higher interest rates in the months ahead, there is little conclusive evi-dence yet to suggest that the Fed has begun to tighten again. After trading often around 8% per cent, the Fed funds rate settled back to 8% per cent again by the end of last week.

ARIMA 194 CAS 7% 14 200 97% ARIMA LIFE & CAS 7% 14 200 96% ARIPC O'R.FML 17% 94 100%

Whatever the Fed does, in these most sensitive days, is likely to be subtle.

Janet Bush

UK GILTS

Contraction in short stocks looms

THE MARKET closed on a strong note last week. After a series of conflicting data it took heart from the provisional money supply data for Octo-

Gilts seem to be deriving some support from Mr George Bush's problems with the for-eign exchange market and Mr Alan Greenspan at the US Fed-eral Reserve. For most of the week the

tone of the market was lacklus-tre and activity was - or at least felt, to traders - low. The Bank of England was said to be out of the market, despite the market's generally weak showing, sparking some debate as to the Bank's tactics in its dealings with the mar-

The main focus of the market's interest of late has been the Bank of England's buying in activities at the long end of the market.

This has been entirely appropriate because that is where the fullest effect of the Bank's activities has been felt in terms of price and yield.

The Bank's purchases have also been disproportionately weighted towards purchases of g-dated stocks. On estimates by Warburg Securities, the Bank in the first

half of the 1988/89 financial year has bought in £222m of stocks maturing over 1 year and under 5 years; £738m of stocks maturing between 5 years and 15 years; and £1.17bn of stocks maturing in 15 years and over.

In its latest bulletin, the Bank published its annual esti-



UK gilts yields

mates for the distribution of the national debt by holder and matur<u>i</u>ty.

10 years 20

9.0 Nov 11,1988

maturity.
Although precision in this area is difficult, the percentages of debt bought in by maturity are suggestive.
In terms of gilts in the markets hands, the Bank has bought in 0.5 per cent of the outstanding shorts. outstanding shorts (as defined), 1.2 per cent of the mediums and 3 per cent of the

Although the Bank denies that it has a 'policy' towards buying in, save that it will buy what is offered if it feels like it, the consequences of this 'policyless' policy are clear. The average maturity of the Government's debt continues to shorten and the gilts market contracts.

Last week, however, the market began to look at the implications for the very short end of the gilts market of the

Bank's haying in but, more importantly, the effect on that part of the market of the heavy load of redemptions over the

coming years.
In a situation where It appears unlikely (or is it?) that the Bank will not be issuing any more short stocks, the short end of the gilts market is looking forward warily to a large scale contraction in the stock of outstanding

gilts. Building societies are particplanting sociecies are partio-plarly concerned given thet past changes to their capital adequacy rules and more changes in train induce them to invest in the short end of the purchet the market.

The interaction of redemptions and no issues produc the following profile for the stock of gilts with maturities up to two years at April: in 1989, £18.5bn outstanding; 1990, £13.4bn outstanding: 1991, £14.3hn outstanding; 1992, £14.8bn outstanding; 1993, £15.3bn outstanding.

The position begins to improve in 1991, although by 1993 the level of outstanding short gilts is still some £3bn below that of 1989.

In any event, the next two years are, for structural rea-

sons alone, ones that will see a natural pressure for lower yields at the short end as banks and huilding societies scramble for stock. This may be exacerbated by

new liquidity requirements for banks and building societies shortly to be introduced by the Bank. The Bank detailed its ideas in a paper, Proposals for

Stock of High Quality Liquidity, in March. This proposed that banks and building societies maintain a proportion (10 per cent to 20

per cent upon negotiation) of their sight to 8 days' liabilities in: cash, operational balances with the Bank, UK Treasury Bills, gilts up to 12 months, eligible bank and local author-ity bills and secured deposits with the discount houses and gilts market. Currently, 'sight to 8 days' liabilities total around £175bn.

If, say, on average 15 per cent. (or £26bn) has to be dedicated to the above instruments then, some in the market claim, gilt prices will become even more distorted under the impact of

The Bank appears relatively sanguine about the situation. If gilts become expensive then the relevant institutions can invest in other allowable forms of liquid assets. The gap, if it exists, may be filled by the development of other suitable.

instruments.

Against that the weight of demand may force up the prices of other relevant private investment securities and that may not necessarily be in the interests of the Bank's pre-vailing interest rate pol-

There is speculation that a two-year Treasury Bill, or simi-lar, might be introduced. By law T-Bills can be issued up to only one year (although laws can be changed). In any case, this does not seem likely.

Simon Holberton

FT/AIBD INTERNATIONAL BOND SERVICE

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Amsterdam-Rotterdam Bank N.V.

Samuel Montagu & Co. Limited

BACOB Savings Bank S.C. Banque Bruxelles Lambert S.A.

Daiwa Europe Limited IBJ International Limited J.P. Morgan Securities Ltd. Nomura International Limited

ASLK-CGER Bank Bankers Trust International Limited Baring Brothers & Co., Limited Fay, Richwhite (U.K.) Limited Merrill Lynch International & Co. The Nikko Securities Co., (Europe) Ltd. Trinkaus & Burkhardt Kommanditgesellschaft auf Aktien

November, 1988



HOKUETSU INDUSTRIES CO., LTD. NISHI-KAMBARA-GUN NIIGATA PREFECTURE/JAPAN

SFrs. 30,000,000

1/4% Convertible Notes 1988-1993

Lead Manager:

Banca della Svizzera Italiana

Co-Managers: Daiwa (Switzerland) Ltd. New Japan Securities (Schweiz) AG Dai-Ichi Kangyo Bank (Schweiz) AG Fuji Bank (Schweiz) AG The Industrial Bank of Japan (Switzerland) Limited Nippon Kangyo Kakumaru (Suisse) S.A.

> Wako (Switzerland) Finance S.A. Banca del Gottardo Banco di Roma per la Svizzera Bank Leu Ltd Banque Paribas (Suisse) S.A.

Clariden Bank HandelsBank NatWest Lombard, Odier & Cie. Overland Trust Banca Swiss Volksbank Wirtschafts- und Privatbank

NEW ISSUE - This announcement appears as a matter of record only - August, 1988



YUASA FUNASHOKU CO., LTD. FUNABASHI CITY, JAPAN

SFrs. 70,000,000

13/4% Guaranteed Notes with warrants 1988-1993

Lead Manager:

Banca della Svizzera Italiana

Co-Managers: Yamaichi (Switzerland) Ltd. The Industrial Bank of Japan (Switzerland) Limited Yamatane Finanz (Schweiz) AG Yasuda Trust Finance (Switzerland) Ltd. Chuo Trust Finance (Switzerland) Ltd. Dai-Ichi Kangyo Bank (Schweiz) AG Alpha Securities AG Banca del Gottardo Banca Unione di Credito

Bank Julius Baer & Co. Ltd. Baring Brothers S.A. Clariden Bank HandelsBank NatWest Jyske Bank (Schweiz) Lombard, Odier & Cie. Morgan Stanley S.A. Société Générale Unigestion S.A.

NEW ISSUE - This announcement appears as a matter of record only - August, 1988

TOYOCOM

TOYO COMMUNICATION EQUIPMENT CO., LTD. KANAGAWA, JAPAN

SFrs. 70,000,000

1/2% Convertible Notes 1988-1993

Lead Manager:

Banca della Svizzera Italiana

Co-Managers: Daiwa (Switzerland) Ltd. Sumitomo International Finance AG Bank of Tokyo (Schweiz) AG Nippon Credit (Schweiz) AG Sumitomo Trust Finance (Switzerland) Limited Yokohama Finanz (Schweiz) AG Banca del Gottardo Banca Unione di Credito Bank Leu Ltd Banque Paribas (Suisse) S.A. HandelsBank NatWest Lloyds Bank PLC.

> Morgan Grenfell Securities S.A. Société Générale Swiss Volksbank Unigestion S.A.

NEW ISSUE - This announcement appears as a matter of record only - September, 1988



THE HANSHIN SOGO BANK, LTD. KOBE, JAPAN

SFrs. 100,000,000

1/2% Convertible Notes 1988-1993

Lead Manager:

Banca della Svizzera Italiana

Co-Managers: Nomura Bank (Switzerland) Ltd. Taiyo Kobe Finanz (Schweiz) AG Daiwa (Switzerland) Ltd. The Industrial Bank of Japan (Switzerland) Limited Yamaichi Bank (Switzerland) The Long-Term Credit Bank of Japan (Schweiz) AG Nippon Kangyo Kakumaru (Suisse) S.A. Nippon Credit (Schweiz) AG Toyo Trust Finance (Switzerland) Ltd. Wako (Switzerland) Finance S.A. Banca del Gottardo Banco di Roma per la Svizzera Bank Leu Ltd Bank Julius Baer & Co. Ltd. HandelsBank NatWest Swiss Volksbank S.G. Warburg Soditic SA Attel & Cie SA

NEW ISSUE - This announcement appears as a matter of record only - October, 1988

Banque Paribas (Suisse) S.A.

Morgan Stanley S.A.

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

Investors in Prato may sue Bank of Italy

By Alan Friedman ln Milan

A GROUP of small investors in the crisis-stricken Cassa di Ris-parmi di Prato, the Tuscan savings bank being saved from liquidation by a L1,100bn (\$860m) financial lifeboat, is threatening to bring a civil lawsuit against the Bank of Italy alleging negligence on the part of the central bank's

Mr Riccardo Landini, leader of 200 small shareholders in the Cassa di Prato, said yester-day the Bank of Italy should not have authorised the issue in 1984 of L57bn worth of nonvoting savings shares in Prato. "We have already deposited, on November 10, a dossier with

the state prosecutor's office in Prato alleging the falsificiation of the Cassa di Prato's balance sheets in 1983 and 1984," Mr Landini sald. "We are now planning a civil suit against both the Cassa di Prato and the Bank of Italy in which we are charging negligence and seeking the restitution of our investments."

The Bank of Italy said yesterday there were no officials available to comment on the planned lawsuit. The central bank, which has sent inspec-tion teams into Prato three times since 1986, bas been criticised hy some Italian bankers for not having acted quickly enough to recognise the severity of the crisis at Prato.

The Tuscan savings bank has been in the hands of Bank of Italy commissioners since September.

The savings bank bas L1,400bn of bad debts, of which L747hn are unrecoverable. There has been a run on deposits which has seen a 25 per cent drop in the deposit base to L1,650bn. Last week, after opposition from banks blocked an initial rescue plan put together by the central bank and Italy's new Deposit Guarantee Fund, the fund itself pledged to finance the L1,100bn lifeboat in two tranches.

Mr Landini claimed yester day to speak for 200 small shareholders wbo invested L3hn of the L57bn equity issue in 1984. He said the shareholders feared they would lose all

Midi offers to buy part of Israel Pebereau's SocGen stake military

French diversified insurance group, has offered to belp resolve the deadlock in the controversial stock market raid launched by Mr Georges Pebereau, the former chairman of the French Compagnie Générole Miliation (CC) group. ale d'Elèctricité (CGE) group, against Société Générale, France's leading privatised commercial bank.

Midi, which recently merged its insurance subsidiary Assurances Groupe de Paris (AGP) with the insurance activities of the French Axa group, is understood to have offered to acquire part of the 9.16 per cent stake accumulated by Mr Pebereau and his financial

The Midi proposal could offer a face-saving solution to both parties, financial sources claimed at the weekend. On the one hand it would enable Mr Pebereau's group to make a

COMPAGNIE DU Midi, the rench diversified insurance it would introduce a new neu-Moreover, Mr Marc Vienot, tha SocGen chairman, is believed to be on good terms with Mr Bernard Pagezy, the Midi chairman, and Mr Claude Bebear, Aza's chairman.

Mr Behear, who is also a shareholder of Mr Peberean's Marceau Investissements group, is understood to have been embarrassed by the raid on Société Générale Bourse. The Midi proposal coincided with the first round of negotia-

tions between representatives of Mr Peberean's group and SocGen to seek a compromise. Both parties are coming under pressure to resolve the affair, which is proving increasingly embarrassing for the French Government.

Moreover, some of Mr Peberean's allies are understood to have pressed the former CGE chairman to negotiate a compromise with SocGen rather than return to the attack, by increasing his stake in the commercial bank.

Marcean Investissements, Mr Pebereau's investment group, indicated last week that it did not plan any further SocGen share purchases for the time being at least, and was anxious to co-operate with the commercial bank. At the same time, SocGen confirmed it had strangthened its defences against what it regards as a hostile raid.

Midi also played a leading part this month in helping Epe-da-Bertrand Faure, the French diversified car seat maker, to put together a successful counter hid to thwart a hostile takeover launched by Valeo, tha French car components group under the management

Pechiney 'in US acquisition'

PECHINEY, the French nationalised aluminium group, was said yesterday to be on the verge of amouncing a large US acquisition to expand its pack-

aging operations.

The speculation follows remarks by Mr Michel Rocard, the French Prime Minister, on Saturday that he expected an important economic announce-ment to be made today. His office later confirmed a leading French company was involved.

name of the French company. they indicated that the deal to which Mr Rocard referred had international implications. This prompted speculation that the company was Pechiney, which was reported by Le Figaro, the French newspaper, on Saturday to be completing a big deal between its Cebal packaging suhsidiary and an American group.

Pechiney has been seeking to expand its Cehal packaging operations through a signifi-Although government offi-cials refused to disclose tha

French rival Carnaud and MB Group of the UK appears to have put pressure on the aluminium group to complete a major deal to strengthen its position in packaging.

The French Government also

indicated at the weekend that it planned to advance FPr500m (\$84.2m) to the Chantiers de l'Atlantique, the shippard con-trolled by the Alsthom engineering group, to help the yard win a new order to build a luxmy cruise finer.

Hitachi deal with NatSemi rumoured

By Louise Kehoe in Tokyo

NATIONAL Semiconductor of the US and Hitachi of Japan have declined to comment on persistent rumonrs that National is in talks with Hitachi about the possible sale of National Advanced Systems, its mainframe computer busi-

Reports of tha talks, in Japan and the US, were neither confirmed nor denied. Hitschi supplies the mainframe com-

pnters that are sold hy National in the US and Europe. Fuelling the talk of a possible sale are comments made by Mr David Martin, president of NAS, at National's recent annual meeting, at which he acknowledged that NAS faced a cost disadvantage compared

to its main competitors - IBM,

which builds its own main-

frame computers, and Amdahl.

which buys sub-assemblies

from Fujitsu of Japan. Analysts interpreted his remarks as an admission that

the basis npon which NAS operates is no longer tenable. They said National had been seeking a huyer for NAS for several weeks and Hitachi was the most likely buyer since it already supplied hardware to the company. National, they said, was likely to put a price of \$250m to \$300m on NAS.

recycles sales debt

By Andrew Whitley in Jerusalem

THE ISRAELI Treasury launched a fresh, \$2,25bn package of bond issues in the US market, recycling a large chunk of the country's foreign military sales (FMS) debt to the US Government at lower

The latest issues - for terms ranging from four to 10 years - carry US government guarantees for 90 per cent of their face value.

The remaining 10 per cent of

Israel "exposure" will be cov-ered by Israeli purchases of new issues of US Treasury

bonds.
The Finance Ministry said yesterday that the latest package, the second since the US Congress approved legislation enabling foreign governments to reduce their interest pay-ments in this way, had been even more successful than the

In September, Israel sold \$2.5bn of FMS-related bonds on similar terms. The average price paid on the new issues, released towards the snd of last week, was 9.3 per cent — an interest rate that one official noted was lower than that gained recently by the World Bank.

In all, Israel has therefore been able to retire so far some military debt to the US, carrying interest rates above 10 per cent. About \$5.5bn of the \$8.5bm debt to the US is eligi-ble for recycling under this

According to the Finance Ministry, the September bond issues should result in effective savings to the country of up to \$90m a year, spread over a 14-year period. Gross savings were put at \$750m over the planned full term of the older One condition attached by

the US Government to the recycling exercise is that whatever savings accrue will be put towards a reduction of national debt, rather than an increase in public expendi-

A guarantee to this effect is understood to have been given to Washington by Finance Minister Moshe Nissim.

Canada relaxes rules on banks' brokerage offices

By David Owen in Toronto

CANADIAN securities commissions have unveiled regulations permitting financial institutions to operate bro-kerage offices in their branches for the first time.

The mova, which brings one-stop shopping for financial services to Canada, comes almost 17 months after deregulation of the domestic securi-ties business took effect. Under the new regulations,

institutions must establish identifiably separate premises" for brokerage offices in their branches, under a sepa-

telephona number. Brokers employed in the branches are barred from conducting bank business with customers when in the securities offices.

Customers must be advised of the risks involved in trading securities. This must includ written notice that funds held by the securities dealer are not insured hy any government

agency.

The institution can advertise

rate name and with a different the value of the securities in question.

Within hours of the regulawithin hours of the regula-tions being announced, dis-count broker Marathon Brown opened an office in a Toronto branch of Guaranty Trust. Cen-tral Capital, the fast-growing Halifax-basad conglomerate, has a major stake in both

Three other securities dealers, including Toronto Domin-ion Securities, have applied to the Ontario Securities Commisits brokerage unit's products ion Securities, have applied within the branch. But there the Ontario Securities Commican be no expressed opinion of sion to open similar offices.

Intel forecasts drop in earnings

By Our Financial Staff ...

INTEL, THE leading US microprocessor, is forecasting a drop in revenues and earnings in the fourth quarter.

The group said it had revised its outlook as a result of inventory correction by computer makers which was affecting the 386 microprocessor, used in

the latest personal computers and companion chips. The group, which reported record earnings in the third quarter, is predicting that fourth-quarter sales will be 10 per cent below third-quarter revenues. In addition earnings are expected to be down to between 40 and 50 cents per

share from 78 cents per share in the third quarter when the group reported a 77 per cent rise in net income to \$143m on revenues of \$785m.

The company's fourth-quarter prediction would give it total earnings of \$2.45 to \$2.55 per share on sales of about \$2.93bn for 1968.

Intel's performance has been watched closely for signs of softening in the computer mar-ket, on which it is heavily dependent. One analyst commented that Intel's forecast seemed to indicate that the

current slowdown was worse than he expected.

Mr Andrew Grove, Intel pres-ident, said: "We have been talking closely with our cus-tomers and they indicate that their business outlook is good. Wa think we will work our way through this situation by the second quarter of next year and expect growth to resume at that time."

Mr Michael Gumport, of Drexel Burnham Lamhart, said: "This looks like the current slowdown is worse than I was looking for.

Suntory profits fall by 83.3%

beverages producer with which Allied-Lyons of the UK last month formed a shareholding and marketing alliance, has shown an 83.3 per cent drop in interim pre-tax profits to

Y8.14bn (\$66m). Beer sales were down 3.7 per cent and the company said competition was made tougher by a promotional battle among lapanese brewers for so-called dry beer, a new premium range high in alcohol.

However, the earnings decline was largely attribut-able to a fall-off in sales of Suntory's investment holdings. In the previous first half, profits had jumped ninefold because

Suntory Old whisky.
Mitsui Ocean Development and Engineering, Japan's largest off tig and marine projects specialist, is to cease husiness at the end of the year because of mounting losses and a decline in offshore energy

The company, a Mitsul group venture established 20 years ago, had ambitious plans to

SUNTORY, the Japanesa of a Y413bn special contribu-beverages producer with which tion from securities sales. are now in doubt, although a new and smaller company is

nquor division in the latest six months to September was in the black for the first time infour years, on a good performance by its recently launched Suntory Old whisky. at only Y2.3bn in its latest year, on which Mitsui Ocean incurred a loss of Y4.1bn.

incurren a loss of Y4.1bm.

The company is owned by
Mitsui Engineering and Shipbuilding and the Mitsui & Co
trading house.

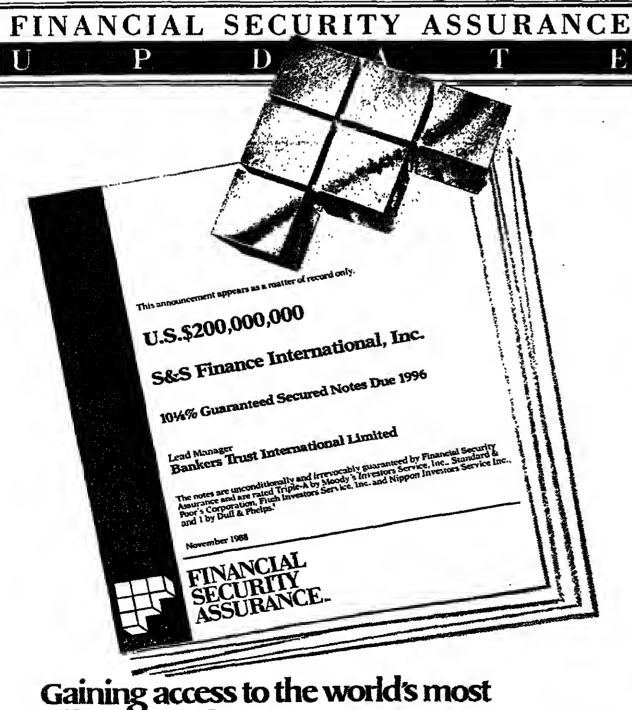
Hitachi Zosen, another leading shipbuilding company, has

reported a narrower first-half loss of Y12.86bn before tax. ago, had ambitious plans to down from Y19.62bn. Sales fell construct a floating city. These 19 per cent to Y93.39bn

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AEG OLYMPIA

Brand valuation expected to feature in RHM result

RANKS HOVIS McDougail, the UK hakeries and food group, is expected to accompany its full-year figures with some form of "hrand" valuation on Tuesdey. The company yesterday declined to discuss reports of

the accounting change in the weekend press, or elaborate on the details. However, it seems likely that the valuation will apply to a spread of brands, rather than just those acquired as part of the takeover of

The question of hrand valua-

tion featured strongly during the hid battle for Rowntree earlier this year, and sincs then Grand Metropolitan has joined the small band of UK compa-nies - which includes Reckitt & pers - giving brands a postive value in the halance sheet. RHM hrands take in the likes of Mother's Pride, Robertson's jams, and Mr Kipling cakes. RHM has also been in the

bid spotlight recently. A £1.7hn hostile offer from the Austral-

asian food group, Goodman

Fielder Wattie, was abandoned after being referred to the Monopolies Commission this summer. Since then, GFW has attempted to sell its 29.9 per cent stake but said recently that no single unconditional cash offer for the holding had

It is no secret that RHM has been looking at ways of relieving the situation, and some talk of putting together a "friendly" institutional group to take the holding has surfaced.

British Gas silent on Carless

By Nikki Tait

refused to comment on a week end press report that it might he interested in mounting a counter-offer for Carless, the oil independent which is fight-ing an unwanted £208m bld from Kelt Energy.

"It is our policy never to dis-cuss market epeculation." added the company.

The Kelt offer heads towards its first closing date on Thurs-

GrandMet buys

more ID shares

Grand Metropolitan, which is

fighting Pernod Ricard for con-trol of Irish Distillers, has taken its stake in the Irish

company to 30,06 per cent and

waived all conditions on its £5.25 per share offer save that

of acceptances exceeding 50 per

buying shares in ID despite a ruling from the Takeover Panel which appeared to leave

Pernod in control of the whis

key distiller. Today GrandMet will appear before the Take-

over Panel to seek leave to appeal over this decision.

U.S.\$200,000,000

First Chicago

Corporation

Floating Rate Subordinated Notes

In accordance with the provision

of the Notes notice is hereby given that the Rate of interest for

est Period has be

fixed at 9,2875% per annum. The Coupon Amount payable on the 21st February 1989 witt be US\$237.35.

Agent Bank

GrandMet has continued

day, and with the Carless share price 2p below Kelt's 115p a share cach offsr numerous rumours, including talk of a management buyout, and a good deal of mud-sling-ing has developed. Carless also crete possibilities, saying only that "there's been a lot of activity."
Carless has made clear its distaste for the financing of the

By Flona Thompson

company at £4,22m.

textbooks, is to join the USM in

a plecing which values the

Schaverien is placing 2m shares, representing 39.8 per cent of the enlarged capital, at

84p each. Existing shareholders

£540,000 for the company. Part

of the new money will be used

to expand the existing lecture

facilities and part for addi-

SHARES IN Local London, the

property group, fell sharply

after it announced that "no further discussions" were con-

templated with Brent Walker, the leisure group.

Brent Walker launched a "teatime raid" on Local Lon-don shares in September,

TODAY

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NOTICE IS HEREBY GIVEN that the Final Instalment (the "Final Instalment") due on the above Bonds falls due on 13th December, 1988 (the 'due date'), at 74 % per cent of their principal amount

No payment of the Final Instalment on any Bond made after the due date will be accepted by

Pearson ple (the "Company") unless accompanied by a further payment representing interest accrued at a rate of 12 per cent per annum, calculated from (and including) 13th December 1988

to (but excluding) the date of actual payment on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

The Company (without giving published notice) may elect after 31st December, 1988 not to accept

payment of the Final Instalment on, and to forfeit, all of the Bonds to respect of which the Final Instalment (together with interest as aforesaid) has not been duly paid prior to the date on which such nonce is given, in which event it shall be entitled to retain for its own use and benefit the first

instalment paid thereon and to be released from any obligation to repay such first instalment or pay interest thereon (but it shall have no other rights against any person enrided to the Bonds which

have been so forfeited). The Company may at any ome after 31st December, 1988 but prior to 31st March, 1989 resell, in fully-paid form at any price, any forfeited Bonds. Any Bonds in respect of which the Final Instalment (together with interest as aforesaid) has not been duly paid and accepted

by the Company prior to 31st March, 1989 shall be automatically forfeited on 31st March, 1989.

Holders destring to pay the Final Instalment on the Bonds held by them should instruct Morgan Guaranty Trust Company of New York as operator of the Euro-clear System ("Euro-clear") or CEDEL S.A. ("CEDEL") to debit their respective accounts at Euro-clear or CEDEL, as the case may be, and credit the same, in immediately available funds, to the account of Barclays Bank PLC as

common depositary not later than 11.00 a.m. (London ome) on 13th December, 1988. Any holder who is unclear as to these payment procedures should consult his stockbroker or other professional

Euro-clear and CEDEL will not clear any transactions in the Bonds for settlement on or after 13th December, 1988 unless such transactions are in respect of fully-paid Bonds, and it will not be possible for Bonds in partly-paid form to be transferred from Euro-clear to CEDEL or vice versa after

This notice has been issued by Baring Brothers & Co., Limited on behalf of Pearson plc. Baring Brothers & Co., Limited is an authorised person under the Financial Services Act 1986.

are selling 1m shares, and the 1m new shares will raise

Kelt offer, which involves a £200m loan facility repayable over 12 months - probably the most short-term financing yet seen in a leveraged bid.

Kett has acquired 7.73 per cent of Carless' equity, and has a non-hinding undertaking from London Merchant Securities to accept in respect of 27.2 per cent. A further key 8.3 per cent is held by Rawda Invest-

ciation of Certified Accountants, the Chartered Institute

of Management Accountants and the Chartered Institute of Bankers.

From 1983 to 1987 pre-tax profite have increased from £40,000 to £502,000 on sales up

from £1.59m to £2.11m. The

directors are forecasting pre-tax profits of not less than

£534,000 for the year to Decem-

acquiring a stake of 14.9 per

cent which was subsequently increased to 24.9 per cent.

that contacts between the two

companies had not resulted in

any firm proposals heing received. On Friday its shares feli 42p to 468p.

pac, Wishaw. Finals- Cozait, Diploma, GPG, Piccadilly Racks, Shaffeebury, Shani Group, Ta Bea, Volum,

However, Local London said

EW Fact to join USM

tional working capital. her 31 1988, producing a pro-The business has operated in spective p/e multiple of 8.7.

BOARD MEETINGS

Local London shares slide

assets it controls. EW Fact, provider of its present form since 1983. The accountancy and banking group specialises in providing tuition courses for the examinations of the Chartered Asso-

"What we are concerned to do in the future is to have a

In a referrence to Minorco's

"Minorco has changed," he adds. "The very problems you touch on are good reasons for Minorco to be an independent company with an independent board of directors and that in their wisdom is how Minorco's present shareholders see their interests best served."

hostile bid people tend to take np positions, but I don't think it would be unreasonable for us to meet and talk after we have control of ConsGold and then make up our minds."

Service in Saturday's edition: American Intl. Grp. (Section: Insurance)

Newmarket Venture Capital (Trusts, Finance, Land).

FT Share Service

The following securities were added to the Share Information

Day of decision for Virgin

Nikki Tait on the vote over Richard Branson's plan to go private

HORTLY AFTER 10 this morning, the fate of Richard Branson's Virgin Group should be sealed.

Shareholders are due to yote today on the plan to take the company back into private hands via a 140p a share offer for the group from a new management-backed vehicle called Glowtrack. While the general feeling among analysts is that the scheme will probably be approved, this morning's ontcome will still be watched with considerable interest.

For a start, the Virgin deal has a number of novel features. Carrying a £248m pricetag at the offer price, Virgin is the largest company to attempt a switch from quoted to private status—a thought which depressed stock market conditions are a present to be encouraging

depressed stock market condi-tions appear to be encouraging at a number of other groups, it has been suggested that the case with which Virgin manages this move may have some bearing on the number of similar such schemes which subsequently emerge. Certainly, to date, despite all talk, the amount of firm proposals to actually materialise has been

On a more technical note. the Virgin scheme has been structured somewhat differ-ently to other similar recent

By Terry Dodsworth and Nikki Talt

deals - at the likes of Glass Glover or Dwek Group, for example, Instead of the nsw management buyout vehicle making a conventional offer, shareholders in this case are being asked to approve a scheme of arrangement which will effect the cash bid.

The vote on the scheme of arrangement requires a 75 per cent majority, and the 60 per cent of Virgin which is owned cent of Virgin which is owned hy members of the manage-ment huyout team cannot be voted. But assuming the neces-sary majority is achieved, the cash offer will then be auto-matically implemented in respect of all shares. In short, Virgin will have avoided the problem of a few shareholders eticking out as a real-citizant sticking out as a recalcitrant

At the end of last week, few analysis foresaw issues were, new analysis foresaw issues for the Branson plan, although as Bruce Jones at Kitcat & Aitken puts it: "It's not quits a fait accompli". The offer is pitched at 140p a share - the price at which Virgin shares were floated two years ago, and some 50p above the level last June before talk of the management huyout proposal sur-faced.

Given Virgin'a warning noises about profits for the

Plessey prepares its strategies

medium-term view, and the fact that analysts have been scaling down estimates to per-haps £26m in 1987-88, a historic exit multiple of around 15 times seems respectable. That said, the Virgin scheme does

times seems respectable. That said, the Virgin scheme does raise again the thorny issue of investors' time horizons.

Perhaps the best public indication of the expected longer-term prospects for group are contained in the loan agreement between Glowtrack and the hanks which are helping to fund the huy-out. For example, Glowtrack is covenanting that the consolidated cumulative retained earnings of the company will rise from just £7m in the year to end-July 1989, to 220m, £45m and then £85m in the following three years. While it is probably incorrect to infer that a chunky £40m will arise in 1981-92 alone, it is obvious that some sharp progress is expected in the timetica.

In the core music side, too, Glowtrack has covenanted earnings before interest and tax of just £15m in 1986-86, rising to £17m in the following year, and then £23m in 1990-91 and a comparable or higher figure thereafter. In 1986-87, pre-interest profits from the music husiness were

1986-87, pre-interest profits from the music husiness were

On the way, Virgin is

companies themselves.

required to find at least £55mworth of disposals. These, it. seems, will come partly from the sale of the smaller recorded music shops and partly from a dismembering of much of the property arm.

Covenanted figures, of course, are no firm guarantee, course, are no nim guarantee, but management buyout team is ohviously staking a good deal on meeting such targets. Most analysts, morever, concede that a significant improvement in the nineties looks feasible - although add the caveat that prograss will be the caveat that progress will be very contingent on the extent to which Virgin's push into the US music husiness comes right. Indeed, there does eppear to be some regret that Virgin may disappear from the public stage. "I suppose you could say that it is an indict-ment of investors," commented one analyst.

And for once it will not be entirely fair to blame the institutions: Virgin's much hyped flotation, after all, has left the group with some 49,000 individ-ual shareholders. While money in hand is undoutably welcome in these dicey times, the sight of shareholders failing to look just three years out is not one of the City's more edifying

Compass to raise £80m via

offer for sale

Compass, a catering and hospital management group which staged a buy-out from Grand Metropolitan last year, said at the weekend that it planned to raise some £80m from the impending offer for sale of shares in the company,

Compass, which has now published a pathfinder prospec-tus, said that around £25m would come from institutions who backed the buy-out and currently hold £30m-worth of redeemable preference shares. They will subscribe for ordinary shares at the offer price, which has yet to be fixed. It seems that Compass will release about 40 per cent of its equity in the flotation, rather the 30 per cent previously

In the pathfinder document, Compass says that the reduction in borrowings and increase in equity following the flotation will provide a

telecommunications group owned jointly by GEC and Plessey and which accounts for a significant part of Plessey's telecommunications group which is facing a £1.7bn hostile bid from the newly-formed "Ws want to know what "Ws want to know what plans GEC and Siemens have for the next generation of telecommunications equipment, and what impact these projects will have on the UK end of the business," he said. "As far as the defence activities are concerned we shall want to know Other analysts, on the other

joint venture company GEC-Siemens, yesterday confirmed that a number of other compa-nies, including some from out-side the UK, had been in touch "on a friendly basis". hand, have suggested that the presence of a possible ready buyer for the GPT interest might make financing easier if a rival bidder was interested in the defence electronics side

However, Plessey added that it had drawn up a list of various alternative strategies, and was waiting to see further detail and clarification of cartain aspects of the bid, which it hoped would be contained in the formal offer document.
Aside from outside advisers, it had also formed an internal

"defence team", comprising specialists from various parts specialists from various parts of the group, which reports to Sir John Clark, the chairman. Some scepticism about white knight" possibilities had been expressed because in the event of a change of ownership of Plessey, GRC would have a pre-emptive right to huy out Plessey's share in GPT, the

Mr Larry Brooke, national officer of MSF, said yesterday that the union would make no indgement on the GEC-Sie-mens bid for Plessey until it had heard the viewe of the

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November 21, 1984, London By Citberk, N.A., (CSSI Dept.), Agent San

U.S. \$400,000,000

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Du Commerce Exterieur

eating Nate Notes due

rather than telecommunica-

Leaders of the Manufactur-ing Science Finance union (MSF), the leading trade union for technical workers at GEC and Plessey, are seeking urgent meetings with Sir John,

Lord Weinstock, managing director of GEC, and Mr Kar-lheinz Kaske, chief executive of

MSF has about 8,000 members in Marconi, the GEC defence electronics subsidiary, and a further 4,500 in Plessey and GPT combined. The majority of these are white collar Mr Brooke added that MSF

cerned, we shall want to know

how they see the development of these husinesses and

whether there might be any

was planning to invite IG Metall. West Germany's principal industrial union, to a discussion on the proposed take-over as soon as MSF leaders had met the GEC, Siemens and Plessey managements.

base for further expansion.

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Hons.

NOTICE to the holders of

was duly passed. Published by order of Berliner Bank Aktiengesellechaft Deted: 21st November, 1988

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Published by order of Dated: 21st November, 1988 This notice is issued by Schwarfan & Co., Members of The Securities Association, in complicace with the requirements of the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited. It does not constitute an affer or invitation to any parson to subscribe for or purchase any shares. Application has been made to the Council of The International Stock Exchange for grant of parameters to deal in the whole of the layest and to be issued share capital of EW PACT pic in the United Securities Market. It is complicated that no application has been made for these securities to be admitted to linguing. It is expected that dealings will commence on 25th November, 1965.

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Members of the International Shock Exchange. Members of The Securities Association,
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the Company Announcements Office, The Stock Exchange, 48-50 Finshury
Square, London EC2A 1DD,
31st November, 1988

U.S.\$40,000,000

notice is hereby given that for the six month interest Period from 21 November 1988 to 22 May 1989 the Notes will carry an Interest Rate of 9.4375% per annum. The Coupon amount payable on Notes of U.S.\$10,000 will be \$477.12.

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Dec. 1489/1498 -5 Dec. 1824/1834 -9 Dec. 2051/2063 +1

Prices taken at 5pm and change is from previous close at 9pm

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Government Secs	88.21	87.94	88.08	88.12	88.37	88.33	91.43	86.28	High 127.4	49.10
Fixed interest	97.18	97.11	96.96	97.26	97.28	97.20	98.67	94.14	105 4	50.5
Ordinary	1489.0	1487.5	1477.1	1460.9	1452.5	1461.2	1514.7	1349.0	1926.2	49
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FT-Act All Share	951.59	951.57	944.61	941_97	937 87	943.42	978.58		734.7	
FT-SE 100	1823.4	1823.6	1807.3	1802.3	1794.3	1802.7	1879.3	870.19	1238.57	61.92 986.9
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8th December, 1988.

21st November, 1988





reassurance By Kenneth Gooding, Mining Correspondent SIR MICHAEL Edwardes, chief

Minorco

Fields a

sends Gold

executive of Minerco, has given another indication that the South African-controlled investment company hopes to keep most of the senior operating executives of Consolidated Gold Fields if Minorca gains control of the UK mining and industrial evolu-

control of the UK mining and industrial group.

He has written in consilia-tory tones to Mr Bill Brown, chief executive of Gold Fields' wholly-owned US subsidiary, Gold Fields Mining Corpora-Tion were not and are not on any list of people who we would ask to leave when our

offer goes unconditional."

Sir Michael sent the letter following the report in the Financial Times on Friday of Mr Brown's hostile remarks about Minorco and its major shareholder, the Angle Ameri-

can Corporation. During the interview Mr Brown suggested that, if Minorco's hid for Gold Fields was revived and succeeded, he

was revived and succeeded, he expected to be fired.

Sir Michael takes up another point made by Mr Brown — about Minorco's change from being a passive investment company to one which wants "hands-on" management of the assets it controls.

"Changing from being a passive investor does not mean teaching others how to run

say in the selection and moti-vation of key managers, for precisely the purpose you allude to: to lift the calibre of our operations," he says.

new-found independence, Sir Michael points out that he has not been an Anglo American executive either "historically

or currently".

He also notes that he has been to 44 Main Street, Johannesburg, the Anglo headquarters, only once.

Sir Michael tells Mr Brown: I can understand that In a

Ritz Design Grp. (Stores). Sunset & Vine (Leisure).

THE TOKYO

INCORPORATED Japanese Yen 60,880,008,000 ettag Rate Notes Due 1992

ELECTRIC POWER COMPANY,

In secondance with the provisions of the Notes notice is hereby given that for the next sa month period, 21st November, 1988 to but excheding, 22nd May, 1989 the Notes will carry an interest rate of 5.15 per cent per annum. The Coupon will be Japanese Yen 256,795 on the Notes of Japanese Yen 10,000,000. The relevant interest payment date will be 22nd May, 1989.



Sabah Development Bank Berhard Floating Rate Notes due 1989

In accordance with the provisions of the Notes

Agent Bank



Floating Rate Notes In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from November 21, 1988 to February 21, 1989 the Notes will carry an Interest Rate of 9-4375% p.a. and the Coupen Amount per U.S.\$10,000 will be U.S.\$241-18.

November 21, 1988, London By: Cribank, N.A. (CSSI Dept.), Agent Bank

FINANCIAL TIMES



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A CONTRACTOR

ICOTE COUE NO

Singapore sets and achieves high standards. There will be no relaxation, indeed the pressure

is likely to intensify, with even less tolerance for forms of individualism which are interpreted as being

alien to the pursuit of national objectives, writes Roger Matthews

In search of excellence

SINGAPORE is booming. High growth, low inflation, full employment, positive balance of payments, large per capita reserves and one of the highest savings levels in the world. And for much of the year the

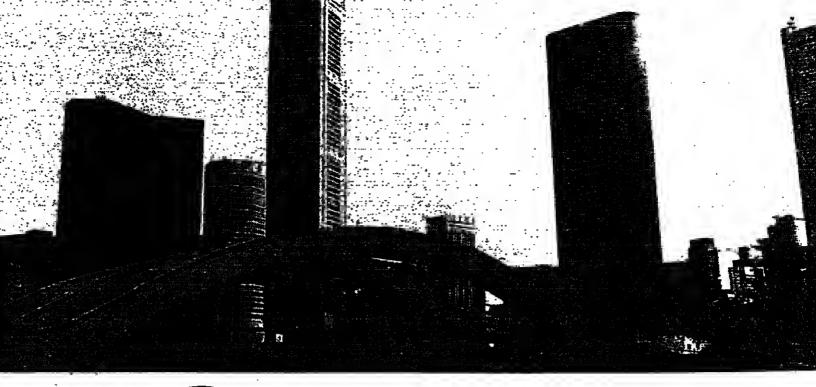
It is the stuff of prime ministerial dreams, except in Singa-pore. The expression "resting on your laurels" could never have been conjured in this geo-graphical blip in south east Asia, where the past is only invoked to raise lears for the future, and the present is only relevant as a measure of what

still has to be achieved. "We shall reach our goals, not next year, but in the next decade. When we get there, we shall discover that there will be further fields to conquer." From the lips of most Western political leaders such statements could be safely regarded as rhetoric. Not so from their Asian author, Mr Lee Kuan Yew. Just past his 65th hirthday and into his 30th year as Prime Minister, Mr Lee does not much care for rhetoric and his people know it. Mr Lee's speeches come accompanied by graphs and tables. When he makes international comparisons he does not waste time with small fry. Britain, 1945-79, shows what can happen with-

national discipline. Japan. 1945-88, shows what can be

happen with it.
The goal Mr. Lee was referring to was that of productivity. The comparison was between a Japanese company which produced 30 per cent more with the same machines in Japan than it did in Singapore. The reason cited for the imbalance was that there is less absenteeism in Japan (Singapore itself has one of the lowest rates in the world), less job hopping in search of higher wages, and no distinction hetween blue-collar and white-collar employees. They are all grey-collar workers. But, most important. Jananese workers have what Mr Lee described as a capacity for life-long learning and training which enabled them to

improve their productivity "ceaselessly and endlessly". So Mr Lee and his government wish it to be for Singaporeans. And not just in matters of industrial productivity. The slogan "Towards a Nation of Excellence" encompasses almost every sphere of human activity, ranging from the most personal and intimate to the cultural and recreational Clever graduates are urged (and officially assisted) to marry other graduates to proout strong leadership and duce cleverer bables; the Malay



Singapore

minority is constantly warned of the need to improve performance, and those who fall to flush toilets get their photographs in the newspapers. Materially, the results are impressive. From the efficiency

of Changi airport and the national airline, to the stain-less steel and marble stations of the new US\$2.5bn Mass Rapid Transport system, to the quality of its hotels, Singapore sets and achieves high stan-dards. In terms of public ser-vices it has already passed the status of newly-industrialising country and is now at least on a par with much of the industrialised world, sometimes

The strategy was simple. As Singapore felt it did not have the time, resources or skills after independence to establish an indigenous manufacturing or financial base, it set out to create the conditions to attract those who could provide them. Last year over 70 per cent of Singapore'a manufacturing output was by companies con-trolled from abroad. The financial sector has evolved in much the same way, with an impor-tant part of banking profitabil-ity today stemming from foreign exchange dealing and other offshore activities. Such a high degree of external dependency does cause some

government concern but at the same time fuels an official obsession with ensuring that the conditions which attracted the initial investment are maintained and improved

Political continuity is therefore deemed an imperative. Singapore maintains most of the trappings of the Western democratic system which it inherited from Britain, but its practice differs. Opposition is not deemed to be a necessary check on the Executive. Mr Lee never gives any indication that he does not know what is best for the country, even down to the issue of his successors. As he told the electorate in the run-up to September's general election, the second-generation political leaders in the Cabinet might not be the greatest, hot they were certainly the hest available.

III health apart, the succession issue is anyway some-thing of a red herring. Mr Lee will continue to run Singapore for the foreseeable future, be it as Prime Minister, Secretary General of the ruling People's Action Party, holder of the planned post of elected Presi-dent, or simply as the Singapo-rean equivalent of China's Mr Deng Klaoping. Mr Goh Chok Tong, the first deputy prime minister, chastised of late by

and since known popularly as "humber one", has said that in a couple of years or so he will gently elbow the Prime Minister aside, but it will be in form rather than substance.

The general election produced good news for the gov-ernment in that it won 80 of the 81 seats, and not-so-good news because it suffered a further, if small, erosion in its popular support. The result will have had little impact on foreign perceptions of Singapore, but for absolutist Singa-poreans there were worrying aspects to the voting, in partic niar the performance of Mr Francis Seow, the former Solicitor General.

Mr Seow came within 1 per cent of winning the country's higgest constituency and drew huge crowds to his rallies. This despite (or perhaps because of) the fact that he had been detained for 70 days under the Internal Security Act and intensively interrogated about funds he had received, the implication heing that the money had come from official American sources to support an opposition challenge to the government. At the same time an American diplomat was asked to leave Singapore for allegedly meddling in the country's domestic affairs.

KEY FACTS

621.7sq km Area. Chinese 76.1%; Malays 15.1%; Ethnic breakdown ... Indians 6.5%; others 2.3%) US\$20.6bn _U\$\$7,900 GDP per capita ... 0.5% US\$27.3bn Merchandise exports of which: Petroleum products . US\$9.6bn .US\$5.2bn US\$1.5bn Crude rubber _ US\$29.8bn Merchandise imports US\$12.5bn US\$-2.5bn Merchandise trade balance .100 cents = 1 Singapore dollar (S\$) US\$1 = S\$1.95 (15 November 1988)

1987 figures

The subsequent spate of anti-American invective, laced with warnings to other foreign governments and interest groups, sounded oddly strident coming from the normally cautious and measured lips of official Singapore and disappeared from view with the same suddenness that it sprang np. Coming after the discovery of an alleged Marxist conspiracy, the continuing hostility towards the foreign media, and alongside an unsavoury series of highly personal attacks on the now openly-critical former

President of Singapore, Mr

Devan Nair, confirmed for some Singaporeans that to oppose, in whatever form, was a very high risk pastime. It was also a hazardous occupa-tion. Five members of the National Trade Union Congress, which describes its relationship with the People's Action Party as symbiotic, subsequently lost their jobs hecause they had stood as opposition candidates.

The quantity of official and media time devoted to these issues underlines just how worried the government is that Singapore is becoming exces-

Foreign policy Business travel guide Singaporo's business district Picture: Cathy Folland

sively infected by Western cul-ture to the detriment of traditional Asian values. The ideal would presumably be a Westwould presumany oe a west-ern-oriented economy married to politically Asian Sincapore where, in the absence of large Japanese-style companies, the state fulfils the corporate role.

More should be known about this during the course of the next year as Brigadier-General (Reservist) Lee Hsien Loong, Minister of Trade and Industry and son of the Prime Minister, has been charged with chairing a committee which will tormulate Singapore's "national ide ology", drawing on and developing the work already done by organisations such as the Psychological Defence Unit, the Social Development Unit and the Feedback Unit.

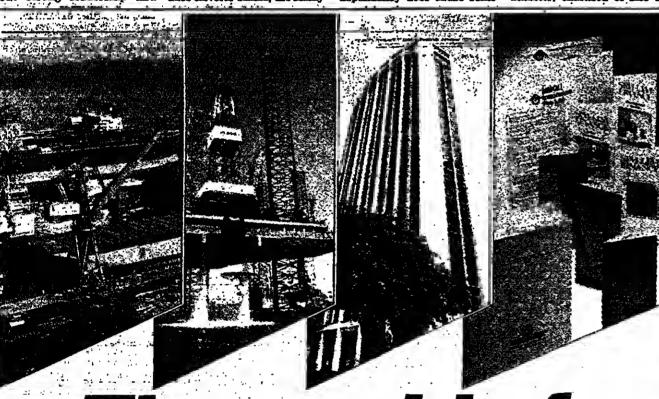
A national ideology may, however, have little contribu-tion to make unless Singapore begins to solve its other long-term productivity prob-lem. The 75 per cent of the population which is Chinese is not reproducing itself. This means that in another 10 years or so, if present trends persist, Singapore will be ageing rap-

Whatever the possible political implications of such a demographic shift, it is the eco-nomic consequences during the next 20 years which will be of more immediate concern.

Already about 20 per cent of the Singapore workforce is from abroad and the govern-ment does not wish the proportion to increase much further. Hence Mr Lee's emphasis on the constant improvement in the skills of the indigenous labour force in order to attract the higher added-value manufacturing and service industries which will be vital if Singapore is to enjoy anything like

the growth rates of the past two decades.

The pressure to achieve is therefore likely to intensify with even less official tolerance for forms of individualism which are interpreted as being alien to the pursuit of national objectives. Those from outside Singapore who wish Mr Lee would relax a bit should save their breathe. Singaporeans who share that view will have to wait until the next general election



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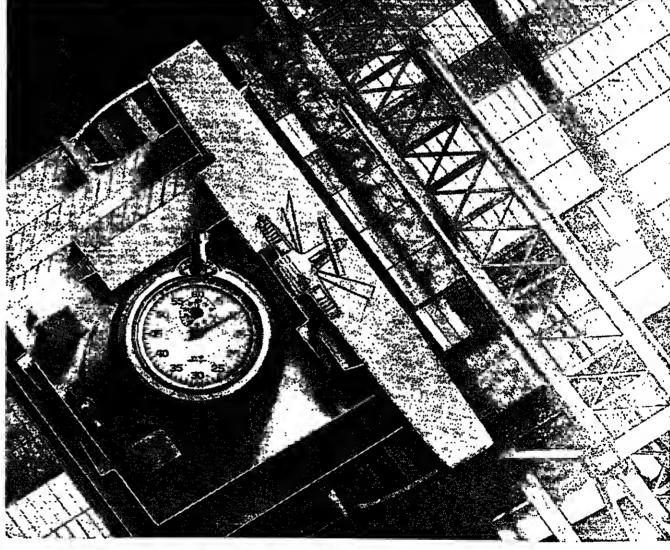
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TRADE ON A WORLD OF ADVANTAGES.

Changing nature of society

POLITICS in Singapore used to deoce generation, increasingly be a relatively straightforward exposed to Western traditions affair. Lee Kuan Yew was in of scepticism, is less inclined to charge, the People's Action accept the dictates of its elders.

Party was unopposed in parlia
Modernisation has broken up ment and the Opposition, such as it was, floundered ineffectually against a government which was both enormously competent and rathlessly intolerant. And so it seemed, ad

To the naked eye and to of his own success. That much those who regard Mr Lee's has been clear for some time crabby paternalism as a small price to pay for the economic and results of the last two general elections — 1984 and 1988 — confirm this.

In 1984 when Mr Lee's govmuch appears to have changed. Mr Lee is still Prime Minister and very much in charge, the PAP captured 69 of the 70 contested seats in last September's parliamentary elections and the opposition is the first to admit that it does not remotely resemble an alternative gov-

Only one of their number, Chiam See Tong of the Singa-pore Democratic Party, who was first elected in 1984, was elected to parliament on this occasion. Even Mr Lee's opponeots, of whom the SDP and the Worker's Party are the

Lee's policies so much as the tone and style with which these are implemented. In the circumstances one might ask "why bother with elections?" If all that was required to keep the PAP in power indefinitely, and Singapore's increasingly affluent citizens happy, was a good public relations outfit, with Mr Lee's doubts about the why not something simpler and less cootentious like an appears to have shelved the occasional referendum?

The problem for those within the ruling party who might be tempted to advocate such a course is that neither of these assumptions are true, even if they might have been, say, 15 years ago when Mr Lee enjoyed almost divine status and most Singaporeans grate-fully gave him their unconditional support in return for a better standard of living.

Beneath Its apparently unstoppahle success, the nature of Singaporean society is changing and, with it, the political forces which will shape the country's future

Relentless success has hrought rising expectations. The country's post-indepen-

Modernisation has broken up traditional Chinese family patterns and the obedient values

that accompany these.

Mr Lee, who embraces democracy in theory but finds it frustrating to live with in practice, has become a victim of his own success. That much

In 1984, when Mr Lee's government was wrestling with a number of controversial issues and the first signs of an eco-nomic downturn were appear-

In eight seats, PAP's vote was below 55 per cent. In the country's largest constituency Mr Francis Seow, a former Solicitor-General, nearly pulled off a famous victory over the PAP candidate, despite being denied any coverage to speak of in the Government-controlled media.

Another sign that that the Chinese-dominated PAP's absochinese-commated PAP's apso-lute grip on power may be loos-ening is that Singapore's disad-vantaged Malays who comprise 15 per cent of the population, voted against the government in large numbers in constituen-cies where they live. Overall, Malay representation in parlia-ment went up from 9 to 10. In most democracies a major-

in the circumstances one might ask 'why bother with elections?' Why not go for something simpler and less contentious like an occasional referendum?

ity of over 60 per cent (in Mr Lee's case and those of his sec-ond-echelon Ministers between ing, the PAP's share of the vote fell by over 12 per cent to 62.9 per cent. Last September, only credible forces, say they would not change much in the unlikely event of heing returned to power.

What they object to is not Mr

What they object to is not Mr 73 per cent and 81 per cent) would be a triumph. In Singapore, despite the governments efforts to portray the result as fell further to 61.8 per cent. a ringing endorsement, it is

The only issue of hroad deeply worrying.
There seems little doubt that ioterest which might have affected the vote was Mr Lee's the PAP's long run of 70 per cent-plus majorities is over and plans to create an elected presidency (it was thought for him-self) with wide powers of veto. that Mr Lee's party may be faced with an entrenched oppo-sition vote not far short of 40 In the event, and for reasons which may have less to do with electorate's response than

Two questions arise from this. The first is how the PAP intends to respond to this new situation and the second is whether the opposition will be able to exploit it over the next four years and, if it does how the government would react to a credible alternative. On the first question, the

ruling party appears to speak if not with two voices then with a different emphasis at different levels. Mr Lee remains implacable that the two-party system is not coming (and pre-sumanly will not be allowed to come) to Singapore. "We are," he has said, "an Aslan soci-ety", suggesting that pluralism is an alien concept to Asia. He apparently worries about the trend towards greater freedom in countries with similar Con-fucian traditions such as Taiwan and South Korea.

On another level, the men hand-picked and groomed by Mr Lee to take over appear more responsive to the frustrations of those in Singapore, especially among their own generation, who find the government's paternalism increas-ingly hard to stomach. To the apparent annoyance of Mr Lee, who has a disconcerting habit who has a disconcerting habit of criticising his younger col-leagues in public, Mr Goh Chok Tong, first deputy Prime Minister and the man most likely to succeed him, assumes a more accommodating politi-

cal style Mr Goh has actively encouraged public discussion of gov-ernment policies, albeit in care-fully controlled committees, suggesting a more relaxed style of government when he finally succeeds to the premier-

Mr Lee's son, Brigadier-General Lee Hsian Loong, until recently a contender for the recently a contender for the succession but who is likely to have to wait his turn, is even more forthright at least in what he says. "I don't believe we can stop the trend (away from the PAP)," he said in an interview. "Look at Western democracies where government by minority is an estab-lished fact. I hope we don't reach that position but a situa-tion in which we have an overwhelming support in the 70s is not sustainable. How that situation evolves will depend on

the younger voters."

Brigadier Lee has been put in charge of the PAP's new youth wing in an effort to recapture the lost ground and



Left to right: Brigadier-General Lee Huien Loong, Mr Goh Chok Tong, Mr Lee Kuan Yew

fashion a more sympathetic image for Singapore's younger voters, although he denies that image is the PAP's problem. "The problem is not becoming nice guys," he says, "or going to charm school. The problem is that the PAP has been in charge since 1959 and people are getting restless. They want some change, some movement.

Brigadier Lee says he does not rule ont further major inroads into the PAP's support, although he says this would be a disaster. On the other hand, he does not believe that a one-party state is the answer. "Look at Burma. You have to rule by consensus, there is no

other way."

Brigadier Lee's formula for retaining power is recruiting the best available talent for the best available talent for meonie's PAP, listening more to people's grievances and addressing these and instilling the right values in young Singaporeans. The government, worried that the rush of Western infinence on Singapore has eroded tradi-tional Chinese values of obedience and respect for authority wants to frame a national "ide ology" to which voters can

aspire. It is hard to know what to make of all this. The govern-ment's actions is often at odds with its public concern with open government at least in

the form expressed by its younger leaders. The Opposi-tion is still dealt with in an arbitrary manner. Mr Seow who, although he failed to win a seat, may sit in parliament under a law which says that the Opposition can make up its parliamentary membership to three if fewer candidates than that are elected, has been the target of a sustained campaign by the government. The former Solicitor-General,

who attracted substantially

larger crowds at his election rally than anything the PAP could manage, was held for 72 days under the country's sweeping Internal Security Act for allegedly conspiring with a US State Department official to

os state Department official to recruit Opposition candidates. In December, he will stand trial on six charges of tax evasion and, if he is fined more that \$\$2,000 (£560), will be disqualified from taking his non-elected seat in parliament.

Meanwhile the government has delayed recalling the has delayed recalling the return of parliament which Mr Seow claims has been done solely to prevent him from tak-ing his seat. "By intimidating me they put off others from coming forward," he says.

Singapore's first Opposition MP, Mr J B Jeyaratnam, who leads the Workers Party, was

Their insecurities are very deep. Whatever they may say, the PAP has no intention of

handing over or loosening its

disqualified from parliament

for five years in 1986 after being fined \$\$5,000 and jailed for a month for falsifying his party's accounts. All this suggests that the answer to the gests that the answer to the second question — will the Countries be able to exploit the growing unpopularity of Mr Lee's style? — is almost cartainly "No". Neither Mr Seow, nor Mr Jeyaratnam or the SDP have the necessary qualities to mount an effective challenge to the PAP. There are few signs that a counter generation of that a younger generation of leaders is rising to the surface, or at at any rate, Singaporeans of the calibre of Mr Goh or Brigadier Lee. And, if it did, it would face the wrath of the PAP's formidable machine. None of this means that Mr Lee, who has ruled his 225squere mile domain with cun-ning and ferocity since he was 35, or his successors, will have an easy time of it.

Brigadier Lee's analysis of an increasingly restless population becoming ever more so as its expectations rise has the ring of truth. However, few believe that the PAP will relinquish power willingly. To the party and the government their continued dominance is a matter of nothing less than national survival. The dilemma facing Mr Lee's successors is how to hold on to power and ensure continued stability for Singapore while providing its population with enough of an outlet to feel that democracy is being exercised not just in the-

ory hut also in practice.

MANUFACTURING

New strategy is for higher quality goods

MANUFACTURING saved Singapore during its first recession for 20 years in 1985. Now the sector must change its emphasis to survive beyond the year 2000, given its depen-dence on the electronics sector, overseas markets and chronic labour shortage.

Excellence in manufacturing

is the new strategy being pro-moted by the Economic Devel-opment Board. This could come in the form of a faster time to the market or better design to production process integration and better quality and service for the price. "Singapore cannot thrive and achieve its developed country goal by following a low-cost strategy," says the Board's chairman Philip Yeo. This is particularly the case when in competition with developing. countries with large popula-tions and substantial domestic markets. The alternative was product differentiation resources were too limited sim-

ply to offer a cheap base for Efforts are being made,

Resources were too limited simply to offer a cheap base for production

through continued investment and increased use of technology, to keep the infrastructure up to date and competitive. Designers in California can, for example, initiate an integrated example, intime an integration circuit design and leave their Singapore counterparts to continue the computer-aided design task during the night, says Mr Yeo.

The manufacturing sector's growth in the first half of the year was an impressive 21.4 per cent, anchoring an 11.1 per cent growth in the economy. As a result, the Government has revised its overall growth forecast for this year from a conservative 5-8 per cent to 8-9

per cent. The electronics sector was again the leading performer showing a 33.5 per cent increase in growth, lifting associated industries such as fabricated metal products. The con-struction industry sank 7.8 per cent, while financial and busi-ness services were limited to a 7.7 per cent increase.

Otherwise, it was glad tid-ings and double-digit growth for other sectors including paints, pharmaceuticals and other chemical products, elec-trical machinery, apparatus, appliances and supplies, com-merce, and transport and com-munications.

Three-quarters of the 33,000 new jobs created were in the manufacturing sector. The electronics industry's output rose 32 per cent in 1987 against 28 per cent in 1988.
With global demand for computers, especially from the US and Europe, still huoyant, the

sale of computer peripherals such as disk and tape drives soared. The level of performance may not be repeated in 1988. say industrialists, espe-cially when the effects of the global market crash are felt. However, productivity in the sector fell to 2.8 per cent against 4 per ceot overall, and 3.5 per cent for the first half of 1987. Lee Hslen-Loong, Trade and Iodustry Minister, cautioned that the electronics industry's growth was too rapid to be sustained. The sec-tor's success depended on

access to technology and exter-nal markets, which meant foreign investments to provide transfer technology and markets.

Dr S Teshiba, from the Nomura Research Institute, said that 1988 would be crucial in determining the local economy's performance in the 1990s.
"If Singapore does not pay attention to maintaining international competitiveness in the manufacturing, sector, the economy as a whole could go through the shake-out as seen in 1985 [when the economy contracted 1.8 per cent]," he

The economy was changing direction to become more service-oriented, he said, but the service sector depended on other sectors, which caused his concern about manufacturing. the believed that competition on non-price factors, such as the quality and quantity of research and development and the sophistication of products, would provide a new basis for Singapore firms. "The major Singapore products now are price-competitive goods. In other words, the volume of pro-duction is essential to main-tain competitiveness. Consider-ing the size of the labour force, the Singapore economy faces physical constraints on produc-ing more," he added.

Non-price competitiveness hinges largely on the quality of the workforce, which is determined by the quality of educa-tion and the emphasis put on values like professionalism and

craftsmanship.
Manufacturers have been thinking along the same lines. A survey by the National University of Singapore revealed that there was more concern about standards and high materials costs than lahour

Manufacturers must become more innovative and good marketeers

costs. Richard Hn. Finance Minister, reiterates the state's hopes: "We aspire to be a developed country by the turn of the century. Singapore will have to become a global city a city of grace, beauty and cul-ture, and yet a city of interna-tional husiness savvy. Singa-pore will offer to our customers the full range of business activities that will lend credibility to our role as a

total business centre." With the sea change, manufacturers must become more innovetive and good marketeers. Dr Hu suggested that the Singapore Manufacturers Association should educate the members about new tech its members about new technology and trends, improve productivity and organise international marketing efforts. The new breed of managers would have cross-disciplinary skills, workers would be rewarded with higher wages and welfare benefits, and personnel managers would practise psychology, sociology and

HOTELS MERIDIEN ASIA



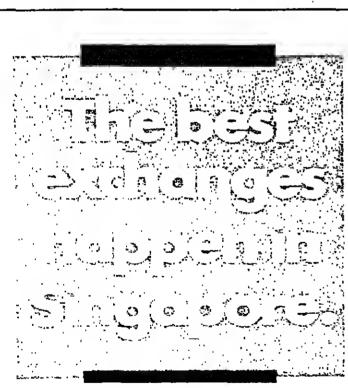
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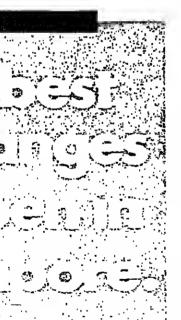
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Mr Francis Seow



Exchange of ideas, that is. Because as you can see from the list

below, there's a great deal happening in Singapore this year. Whether your interests lie in electronic

engineering, communications or psychology, there are seminars, exhibitions and conferences which involve you. They mean a chance to listen to top speakers and to discuss the latest developments in your field.

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CONFERENCES 1988/89	☐ 30 Mar-2 Apr 1989 2nd ASEAN Congress on Psychiatry and Mental Health	7-10 Jun 1989 AsiaPack 89 — The World Packaging Exhibition			
2nd International Conference on Geomechanics in	6th ASEAN Forum for Child and Adolescent Psychiatry	AsiaPlas 89 AsiaPrint 89			
Tropical Soils 14-18 Jan 1980 International Order of Golden Rule	G 6-9 Apr 1989 4th ASEAN Otorhinolaryngological Head and Neck Congress	☐ 22-25 Jun 1989 Optics Asia 89 ☐ 7-12 Aug 1989			
Meeting	☐ 17-20 April 1989	International Sport Exhibition			
☐ 14-10 Jan 1989 ASEAN Tourism Forum (ATF 89)	Pacific Asia Travel Association (PATA) Annual Conference	☐ 7-10 Sept 1989 COMTEC 89			
23-27 Jan 1989	EXHIBITIONS 1988/1989	To: Singapore Convention Bureau Singapore Tourist Promotion Board.			
Rotary International Council on Legislation Meeting	☐ 8–11 Dec 1988 Singapore Informatics 88	1st Floor, Carrington House, 126-130 Regent Street,			
20-25 Feb 1989 Asia Telecom 89 Forum and Exhibition	23-26 May 1989 ChemAsia 89 — The 6th Asian International	London WIR 5FE, Urated Kingdom. Please send me: more information about Conferences &			
☐ 21-23 Feb 1989 International Baccalaureate Headmasters Standing Conference	Chemical and Process Engineering and Contracting Show and Conference	Exhibitions indicated the Singapore Convenion Exhibition Calendar Name.			
22-25 Mar 1989 Defence Asia 89 Forum and Exhibition	Instrument Asia 89 — The 4th Asian International Instrumentation, Control, Measurement and Testing Show	TitleOrganisation:			
☐ 30-31 Mar 1989 SingaPort 89	G 0-9 Jun 1989 Banque Asia 89	Address:			
C	DNVENTION CI	TY			

THE PACE of the recovery in the Singapore economy from the 1985-6 recession has continued to surprise both private forecasters; and the government. Although there may be some slight slackening off in the final quarter, real growth in the gross national product this year will edge into double figures, the best performance of the decade. Whereas last main OECD markets: figures, the best performance of the decade. Whereas last year's 8.8 per cent confirmed that the economy was again back on track, growth was still somewhat patchy. This year, however, it is more broadly based with construction the only sector still languishing. The speed with which Singa-pore has bounced back reflects

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main OECD markets.

Singapore has also been assisted by the improved performance of its immediate neighbours. Malaysia, for example, has grown signifi-cantly faster this year than had been anticipated, in large part due to a surge in commod-ity prices. Thailand is also still growing strongly but depressed oil prices have checked Indon-esia a progress. Singapore was also well positioned to take

Roger Matthews looks at the country's economic recovery

Growth more broadly based

advantage of the growth in demand, particularly from North America, for its higher of the country's total manufactured exports. technology products such as telecommunications equipment and computer software. Exports have again soared this year with sales to the US, its largest trading partner, likely to grow by close to 80 per cent in value during 1988. The abil-ity of Singapore to take swift advantage of technological change has never been better illustrated than the statistic which shows computer disk drives now forming 10 per cent

almost as well. Tourist arrivals have continued to climb even though the average length of stay remains obstinately low. Some hotels have stopped offering discounts as occupancy levels topped 80 per cent (69 per cent last year) and offi-cials began voicing concerns about a shortage of rooms in the early 1990s.

The same trend is evident at the highly profitable Singapore Airlines where the difficulty in negotiating additional flights to some of its most popular destinations has emerged as the most intractable obstacle to future growth. The Port of Singapore, which is not involved in reciprocal arrange-ments and therefore does not suffer the same capacity. suffer the same capacity restraints, has seen the volume of cargoes increase by over 20 per cent in the first six months

of the year. Improved invisibles earnings from these principal sources together with net capital inflows should more than offset a larger trade deficit this year which is likely to edge up o ebout US\$5bn from 1987's \$4.2bu. A further widening of the trade deficit is anticipated next year, but again this is unlikely to stop Singapore adding to its already substantial foreign exchange reserves of around \$17bn.

With unemployment having fallen to under 3 per cent, Dr Richard Hu, the Minister of Finance, deeming it prudent to increase the foreign workers' levy payable by employers and, with competition increasing for skilled staff particularly in the

electrical and electronics sec-tors, it was clear that the upward pressure on wages was going to intensify.

This the government has

largely been able to contain, partly through the discipline inherent in the extremely close relationship between the National Trade Union Congress and the ruling People's Action Party, but also hy lay-ing greater emphasis on bonus mes and the introduction of a flexible wages system tied to productivity and profitability. However, it seems probable that wages will rise overall by 7-8 per cent in real terms this

The increase in productivity may be less than half this figure and although it does not indicate any immediate reduction in Singapore's international competitiveness, it is a trend which the government is watching very closely. Productivity growth is also notably smaller in the manufacturing sector (3.5 per cent last year), compared with financial and

....

Current

account

transport and communications (6.5 per cent) and commerce (6.3 per cent). With the recovery having

created an additional 66,000 jobs last year and probably a further 35,000 in the first half of 1988, the problems of fulfilling demand with a total workforce of about 1.1m are obvi-ous. By the end of last year unemployment had dropped to 2.8 per cent, the majority of whom are thought to be older workers with few skills. It is therefore likely that 60-70 per cent of the new jobs created this year will have

gone to expatriate workers, a trend the government has felt powerless to prevent hut which it is anxious to check. The retirement age has already been lifted from 55 to 60 in some industries and efforts are being made to persuade more women to return to work after having children. But this can only ease the problem slightly. Taken together with a rapidly ageing population profile **Balance of payments**

Basic balance

At current prices (\$ billion) Total exports S billion Non-oil domestic exports assurance Malaysia Minimum III manimum 1983 1982 84 86

Singapore's major export markets

Singapore's labour constraints can only he eased through more capital-intensive industry, greater sophistication in services, and by investing yet more heavily in education and re-training, assuming of course that the government has for political and cultural reasons set a ceiling on the proportion of foreign workers it will allow into the country.

Some multinational compa-

nies have already seen the inevitability of transferring out of the country their more labour-intensive operations, although there is less evidence that enough of them are contemplating hringing in the research and development activities which the govern-

ment wishes to attract.

The immediate labour pressures should ease somewhat next year, with most forecasts estimating that the economy will grow by 5-6 per cent in

response to lower external

demand, particularly from the

While the election of Mr George Bush may have helped to curb the worst protectionist fears. Singapore remains acutely sensitive to changes in international trading patterns and therefore the consequences of a more determined effort by Washington to address the issue of its twin deficits. It is also far from convinced that the creation of a single Euro-pean market in 1992 will be of benefit to the newly-industri-

alising countries of Asia.

Although Singapore's exports to Japan rose by 30 per cent last year, much of the increase was accounted for hy oil and the total remains little more than one third of its sale to the US. A substantial increase in regional trade in the next 10 years must be one of Singapore's best hopes for austaining its impressive growth record.

Aiain Cass on foreign workers

ANYONE looking for reasons which might explain Singa-pore's sense of vulnerability need look no further than the Republic's labour shortage.

both the pragmatism and flexi-

bility of the country's eco-nomic managers and the

improvement in regional and

Most booming economies in East Asia have a large enough workforce to absorb as much growth as they can generate. Some, like Taiwan and South Korea, export their labour.

Singapore, on the other hand, exports its jobs in good times, sucking in foreign work-ers in their tens of thousands. When the economy contracts, it exports its unemployment, sending the same workers home in short order.

In 1985, as the world economic recession hit Singapore, over 50,000 foreign workers out-of a total workforce of 1.2 million were sent home. It was a useful buffer which the govern-ment used skilfully to cushion its own population from the effects of the recession and the consequences of some of its own over-optimistic economic

As the economy recovered in 1987, the process was put into fast reverse. Foreign workers from other Asian countries as far apart as India and South Korea were drafted in to fill semi-skilled and skilled jobs in shipbuilding, construction and factories which an increasingly

affluent Singaporean society considers beneath it.

As the policy of channelling investment into high technology, first introduced in the early 1980s as a way of giving Singapore an edge over its neighbours, bore fruit this proved insufficient.

The rapid growth in foreign investment over the past two years in electronics and electrical goods, especially from During the 1970s and 1980s, partly to escourage high technology and partly to encourage mology and partly to encourage werall growth; the government

The precise number of for : private sectors tended to follow eign workers in Singapore is a when making wage settleclosely-guarded secret by a ments.

been in the past 20 years. The first, in seven years. The government has watched with National Traders Union Con-



Limit set at a quarter

which tend to follow in their

wake. Singapore is determined not to make the same mistake. Foreign workers and their condi-tions of employment are con-trolled with Confucian vigour. Once the job is finished they are packed off home.

The problem, as one diplomat pointed out, is that in a country where competitivness is a national creed, the conflict between growth and social balance will always be there.

The cycle of rapid growth, sudden recession and more rapid growth, has also had a

dations which both public and

closely-guarded secret by a government which is painfully conscious of the country's size and its delicate racial balance. The government will only say that it will not allow the number of foreign workers to grow beyond 25 per cent of the total workforce.

The implication is that there is still some room for growth but not as much as there has been in the past 20 years. The

wage settlements to profits many simply went to the wall. Despite the cushion of foreign workers, unemployment, virtually non-existent in Western terms, soared to 6.5 per cent.

This year, for the first time, the government has abandoned national pay guidelines and is encouraging performance related pay awards by compa-nies: It also wants companies to reduce 2 or 3 year wage settlements with workers, to standard 12 month agreements,

just in case.

The exercise is not an academic one. It presupposes a stormy future. Mr Ong Teng Cheong, the NTUC's boss and Deputy. Prime Minister, put it this way: "We must press on seriously with wage reform so that when the next recession comes, the trauma of retrenchments and unemployment can be cushioned or reduced."

The new policy, combined with severe labour shortages, especially in the banking sector, has driven some wage set-tlement to dangerous levels. The Hongkong and Shanghai Bank provoked an nproar in the rest of the industry by offering its workers an increase of 33 per cent in an

effort to attract administrative

staff.

Singapore's belated conversion to market forces in the one area of the economy which it previously controlled rigorgovernment has watched with alarm as population growth has slowed to a virtual standstill and is engaged in a vigorous campaign to encourage for across-the-board wage cuts Singapore to procreate with patriotic enthusiasm.

Uncomfortable parallels are drawn with West Germany which has not only imported foreign labour in vast numbers but also the social problems.

National Traders Union Congress, the Secretary General of the patriotic enthusiasm.

Minister, was the first to argue for across-the-board wage cuts in the recession of 1985-86.

The high wages policy came which Singapore needs to maintain its competitive edge in a region where economic success is, becoming the rule rather than the exception.

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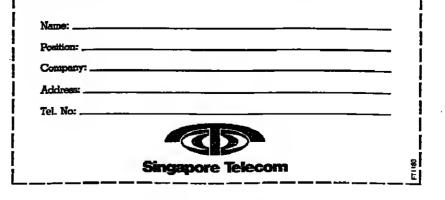
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FOREIGN EXCHANGE

The number two slot

AFTER A disappointing first half, forex traders based in Singapore have justification for optimism. Volatility can do wonders and their astute readwonders and their actual carriers ing of finctuating currency movements has helped the city supplant Hong Kong as Asia-Pacific's second most active foreign exchange dealing con-

A big gap opened up in the

respective daily turnovers of Singapore and Hong Hong a year ago. This has been attributed partly to the increasing currency transactions of Singa-pore's central bank. A brain drain from Hong Kong of 50 mostly-experienced dealers over the past few years had

also hurt.
Forex activities in Singapore are actively supported by the Monetary Anthority of Singa-pore (MAS) and the Foreign Exchange Money Market Committee (FOMMC) formed in
1986 to develop and enhance
the local market as a financial
centre for risk management.
The MAS started the ball ing citizenship over a shorter rolling in 1982 with some huge period of time to dealers dollar/third carrency deals recruited abroad. which pushed the year's trading to over \$850, attracted the The gap between the top and

The turnaround came in June after a dull first quarter and lacklustre April-May. Once known more as e deposit centre. Singapore's forex dealing tre. Singapore's forex dealing gained momentum when instius\$100hm in daily turnover against Singapore's \$45bm, Hong Kong follows with \$50bm while Sydney's turnover is activities turned to dealing to generate income. generate income.

One dealer attributed renewed interest in the currency market to people who had burnt their fingers last October and now wanted to take positions at any time as the rates were monitored around the clock, unlike stock markets.

The deals are more cross-border than intra-bank, a situation the FOMMC is trying to alter, to allow more trades when international financial centres

The gap between the top and attention of New York and also-runs among Singapore's london-based banks and edged 1,200 dealers is wide. An MAS the city ahead of Hong Kong.

The average 1987 trading volume of \$36br, compared with \$10m each, and 31 per cent of

the total \$650m treasury profits, while a third banked in less

Among the top 10 banks con-tributing over 50 per cent of the market volume are Citibank, Morgan Guaranty Trust, UBS and Bankers Trust. Union Bank of Switzerland's zoom to the top ranks in forex trading in three years has been nothing short of phenomenal.

The FOMMC, controlled mostly by the representatives of foreign banks, believed that future business should come from commercial banks and corporate clients. At present, only one of the so-called big four local commercial banks is active in forex trading. But a massive education programme is called for. Fortune really favours the bold.

Morgan Guaranty Trust has proved that there is nothing wrong with being a one-trick pony, eschewing corporate finance and loans in favour of risk management following J P Morgan's lead into an investment bank selling securities, trading and corporate advice. It earned more than \$10m profits, all from treasury operation, more than half of which from forex trading of \$3bn daily. Citicorp is rated the top dealing bank trading \$4bn-\$5bn daily with a 10-15 per cent mar-ket share. It is believed there is nothing to prevent them doing

FOREIGN POLICY

Perception of vulnerability

SINGAPORE has traditionally avoided playing the "Yankee go home" game. This is not surprising. The US is Singapore's biggest trading partner. Last year, 31 per cent of inward foreign investment came from the US while 52 per cent of Singapore's evaports to cent of Singapore's exports to America came from US companies operating out of the city

This year, however, Singapore discovered the ugly American. It threw up its hands in horror and then threw him out

of the country.
The focus of this improbable quarrel was Mr Mason "Hank" Hendrickson, First Secretary at the US Embassy in Singapore. Mr Hendrickson was accused of encouraging local lawyers to run against the ruling People's Action Party in September's general election which, in the event, saw a further erosion of

its popular support. "Biack operator Hank" trumpeted the Republic's obedient newspapers. The US retaliated hy expelling the Singaporean diplomat from Washington and both sides withdrew to assess the damae

The US State Department apparently shocked by the force of Singapore's reaction, vigorously denied Mr Hendrickson was doing anything other than fulfilling his diplomatic duties by keeping tabs on politics in Singapore. Singapore maintains that it

was the target of an unaccept-able piece of interference although suggestions that the Central Intelligence Agency was behind a plot to ferment opposition to the PAP is not

supported by hard evidence. Whatever the facts, the passage of time has obscured them end these are arguably less interesting than the country's motives for responding as it did to Mr Hendrickson's activi-

Other diplomats in Singapore point out that Mr Lee Kuan Yew, the Prime Minister, had the choice of following the practice between friendly countries in such cases and called creet carpeting. Mr Hendrick-son could have been asked to go quietly.

Government officials say Mr Lee bad no choice because the affair came to light in public testimony by Mr Patrick Seong, a lawyer arrested under the Internal Security Act the Security Act the Security Secur



Whether the second of these

premises is true can only be surmised. Whet is beyond

question is thet the Singapore

Government's perception of its vulnerability plays a major role in shaping the country's

broader foreign policy. Viewed over the last 23 years

since Singapore gained full

independence, that vulnerahility has been heightened by

many political tremors beyond

its control - the communist victories in Indochina, the con-

frontation between Malaysia and Indonesia, Peking's sup-

port for local insurgents and, more recently, the Vietnamese

invasion of Kampuchea in 1979.

A more recent tour of Singa-

pore's borizons from its watch-

tower at the hub of south east

Asia suggests a more benign

environment, principally as a result of more pragmatic and flexible policies in Peking and

Moscow and growing signs of a rapprochement between the

Both communist superpow-

ers need resources for domestic

economic development. Both have an incentive to defuse

tension In the area and resolve

long-standing quarrels by

encouraging protegés such as Vietnam and the Kampuchean

resistance to reach a settle-

ment. Singapore is working hard through its membership of Asean - the Association of

South-East Asian Nations - to encourage such a settlement. Because of its size, Singapore sees its membership of Asean

which allows for indefinite imprisonment without trial. "We hed to react publicly," said one official.

Not necessarily say the sceptical. Singapore must have known the contents of Mr Seong's testimony before he took the stand and since it does not prove much beyond the fact that he and Mr Hen-drickson met on three occasions, the Government could have handled the matter differently. The answer may lie in a combination of two factors which frequently underlie Sin-

The concern is that Instability in Malavsia. for example, might spili over into **Singapore**

gaporean actions when the Government's will is chal-

The first of these is to resort to what one Western diplomat called "the myth of vulnerability". This rests on the premise that tlny Singapore must always be alert to the possibil-ity of subversion and that the price of success and survival is

eternal vigilance. The second factor is that the ing events In the area through diplomatic skill and force of

Singapore wants a neutral government in Kampuchea, one which allows neither Vietnam nor the Khmer Rouge to dominate the country. It believes that a settlement may be within reach because both Moscow and Peking seem to want one. Mr Mikhail Gorbachev's poli-

cies since his Asian peace ini-tiatives launched at Vladivos-tock have had a marked impact on the region. Singapore has been impressed by the new Sovlet leader's ressoned approach but it still takes a approach to the first takes a more sceptical view of his intentions than some in the area. It is particularly worried by the Soviet proposal that the US should withdraw from its two biggest overseas military bases at Clark and Subic in the Philippines in return for a Russian withdrawal from military facilities in Vletnam. One senior official put it this way: "Even without doubting Mr Gorhachav's sincerity, an American withdrawal from the Philippines might be irreversihle and probably would be. But a Soviet retrenchment in the region might not be."

In the meantime, Singapore would like to see a growing political role for Japan in the region to match Tokyo's enormous economic power. It tha peacekeeping forca in Kampuchea as an important step in this direction. If there is a concern in the minds of Singaporean officials it may be more to do with stability among its immediate neighbours such as Malaysia, the Philippines and Indonesia.

The concern is that instability, say, in Malaysia might spill over into Singapore where 15 per cent of the population are Malaya and very much at the bottom of the economic and social ladder. When President Ferdinand Marcos finally left the Philippines for exile in the US, Mr Lee could hardly contain his joy. One suspects that this may have had less to do with President Marcos's anthoritarian role coming to an end and the return of democracy than the close of a long chapter of instability the repercussions of which were beginning to be felt elsewhere in the region. Alain Cass

GUIDE FOR THE BUSINESS TRAVELLER

Time: GMT + 8 hrs

Climate: Tropical, with abundant rainfall throughout the year and a monsoon season in Nov-Jan. The wettest sesson is Oct-Mar Humidlty ia high, and temperatures vary little from season to season, ranging from an everage maximum of 31°C by day to 25°C by

Visa red ents: Not required by Commonwealth citizens and nationals of certain other countries (Eire, iechtenstein, Monaco, Netherlands, San Marina and Switzerland), nor by passport holders of most other nations for stays of up to 14 days. Entry may be refused to mel visitors whose hair reaches below the collar or extends over the ears or eyebrows

Health: Vaccination certificates required for vellow fever or cholera if travelling from an infected

Car hire: An international driving licence is required for car hire. Driving is on the left-hand side of the road.

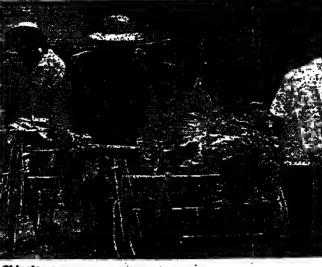
ads: Vehiculer access to the Central Business Diatrict is restricted end there are charges for vehicles entering the area at certain times.

Public holidays: Because of its multi-ethnic composition, Singapore celebrates a wide range of world religious festivale end holldeys in addition to the public holldays listed here. Many festivale are based on a lunar calendar, while the dates some are only finalised at the last minute. Check with the Singapore Tourist Promotion Board for exact dates and locations effected. When a holiday falls on a Sun, the following Mon is a public holiday. Fixed dates: 1 Jen, 1 May 9 Aug (National dey), 25 Dec Veriable detes: Chinese New Year, Good Friday, Vesak Day, Hari Raya Puasa (Eid

al-Adha), Deepavali, Actual dates of Muslim festivals mey vary. During the Chinese New Year, many Chinese firms close for an entire week.

al-Fitr), Herl Raya Haji (Eid

Social customs: Smoking is prohibited in many public places, including taxle, public



transport, lifts, cinemas theatres and government offices, with fines imposed on offenders. There ere also fines for jaywalking and littering, and the use of narcotic drugs is strictly prohibited. Lond hair is regarded unfavourable, and male visitors are advised to have their hair cut if it reaches below the top of the shirt collar. Tipping is discouraged.

American Business Council. 10-12 Shew House, 354 Orchard Road, 0923 (tel: 235-0077: bc RS 50296).

Association, 3rd Floor, Inchcape House, 450-452 Alexandra Road, 0511 (tel: 475-4192; tx: RS 21400). Singapore Chinese Chamber of Commerce Foundation, 47 Hill Street, 0617 (tel: 337-8381; bx:33714). Singapore Department of

Trade, Suite 201, 2nd floor, World Trade Centre, Telok Blangah Road (tel: 271-9388) tc RS 28617). Singapore Economic Development Board (EDB), 10-40, 1 Maritime Square, World Trade Centre (Lobby

D), Telok Blangah Road, 0409 (tel: 271-0844; bc: 28233; cable: INDUSPROMO). Singapore Federation of mbers of Commerce and

Little India Industry, 03-01 Chinese Chamber of Commerce Building, Hill Street, 0617 (tel: 338-9761; bc: 26228),

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Trade Development Board, 1 Maritime Square 03-01, World Trade Centre, Telok Blangah Road, 0409 (tel: 271-9388; tx: 29617/170 TRADEV RS)

Banking: Monetary Authority of Singapore, 10 Shenton Way, 0207 (tel: 225-5577; tx: 21382 ORCHID RS; cable: MONETARY)

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EQUITIES

Resuscitating volume

52,449 invested S\$917m in equities up to December 1987 and an additional 5,300 bongbt

S\$123m for the next seven

To put this in perspective

there were S\$2.3bn worth of issues for 1987 and S\$1.4bn for

the first eight months of the

year. The bulk of the funds would have to come from

investors' savings and, more

The Stock Exchange

has taken steps to

internationalise the

market. A link-up with

the Luxembourg Stock

Exchange opens

vistas to Europe

one of the fastest means of acquiring them would be via joint ventures with foreign

firms with the money, market-

thus exhorted broking firms to

they were only allowed in to expand the industry by introd-

ucing foreign business and

raising standards of marketing,

invited reputable foreign stock-

Services, Sun Hung Kai Securi-

ties in Hong Kong, and Bar-clays de Zoete Wedd and Vick-

ers da Costa, both of London. Surprisingly, British broker

The exchange has again

research and client servicing.

months to July

THE FIRST anniversary of Black Monday passed without incident last month, but the current state of Singapore's mandatory savings scheme, the Stock Exchange suggest that the after-shocks have not been fully shaken off.

There is much to commend investing in the local market strong fundamentals, a crash-tested market - but evidence of sustained investor support is lacking.

A lot has been done after the crash to resuscitate volume

hut, clearly, more is needed. hut, clearly, more is needed. Solid fundamentals did not prevent the stock index falling 53 per cent from its 1987 peak of 1505.40 last year. Worse still, shrinking volume served to topple the city as the fourth most active Asian bourse.

A first-half 11 per cent gross domestic product growth that surprised analysts, stable political conditions, rising commodity prices, improving neigh-bouring economies, a stock market surge to 1,177.68 and daily trading volumes of up to 70m shares - all had little last-

ing effect.
Excepting Tokyo, Singapore is no different from any open market which has yet to regain market which has yet to regain its pre-crasb peak. But whereas, within the region, the Kuala Lumpur bourse last month was only 12.4 per cent below its pre-crash high, Hong Kong, Singapore and Australia, the worst-hit victims, are still e

third below.
Australia managed to retain its second spot among Asia's most active bourses but Hong Kong (number 3) and Singapore were edged out by the restricted exchanges of Taipei (until the re-introduction of a capital gains tax) and Seoul respectively. The newcomers, emerging unscathed from the crash, continued enjoying roar-ing trades. Singapore's market index languished around the

"I guess it is inevitable thet Singapore will reflect its small size. They are, after all, bigger markets than ours," explained Quek Peck Lim, head of research at Morgan Grenfell Asian Partners Securities.

The stock exchange reported a record 8.1bn shares worth \$\$17.8bn (£5bn) traded for the year to 30 June 1988 against 7.8bn units worth \$\$16.5bn previously. A calendar year comparison proved more telling. In 1987, S\$22bn worth of share were traded. There are fore-casts of a mere \$\$12bn for 1988. a not inconceivable figure as daily volume dips below 15m

Where toe investment comes

from is the key element. All

brokers with a presence in major financial markets to take up to 49 per cent of a local broker with the celling raised to 70 per cent on a case-by-case basis after three years. The applicants are the US-based John Hancock Financial

James Capel only requested a 30 per cent stake in Kay Hian. No Continental Europeans or Japanese applied. Central Provident Fund, allows The Stock Exchange bas taken steps to internationalise the market. A link-up with the account holders to buy certain Singapore-based counters -

Luxembourg Stock Exchange opens vistas to Europe. After the initial trading spurt, e lack of market makers, lower-priced stocks, information and com-petitive spreads killed interest. Another wey in which the exchange could further stimu-late demand would be to reintroduce the delayed settlement basis of payment. Computer-ised trading was also intro-duced with the inevitable hitches initially fouling up pro-

ceedings.
On the operational level, new brokerages have been aggressively recruiting staff. Intense hidding for the services of a small base of dealers and analysts will inevitably increase the cost of operations and put a squeeze on profit margins. It will be a matter of time before negotiated commissions are a way of life -

another squeeze on profits.

A crucial point is the limit to importantly, from overseas investors. But that is not which a firm can play. Under the securities law, a broking firm is limited by the size of its capital. Even brokerages capi-talised at around \$\$10m could find the precipe of schools. enough - state policy is just e Malaysia and Thailand have clearly stated their objective to develop their local markets find themselves excluded from through trying all means to broaden and deepen them. the deals that international fund managers are used to.
The logical alternative would
be to raise the share capital
but local partners may find 51 Markets need players, liquidity and information. To Singapore,

per cent of a S\$10m-S\$20m The state has not kept secret its prefarence for e smaller ing and muscle.
Tan Chok Kian, Chairman of number of strong institutions. the Stock Exchange, was all too aware that the broking community could not rely Finance companies, banks and insurance companies have gone that route - would brok-ing firms be exempted? That solely on local investors to build up the stock market. He line of thinking could see the smaller of the 24 brokerages selling out to or entering joint ventures with reputable and financially sound buyers. double their marketing efforts. The seven foreign firms were urged to take the lead since

For 1989, how the Singapore market performs depends much on the economy pegged to earnings expectations, the performance of the Tokyo and New York exchanges as well as events closer to home. High Peyman of Merrill Lynch Capital Markets has forecast the Straits Times industrial Index at between 980 to 1000 to start the year off but ending at 1300. If nothing else, after the gloom should come the silver lining of vibrant broking firms capa-ble of holding their own in the

increasingly important Asia-

Joyce Quek

OPERATIONAL HEADQUARTERS

Bait of tax breaks

SINGAPORE has taken the regional headquarters concept one step furthar with the "operational headquarters" or

Ricb and famous corporations have been lured to Singa-pore and local companies have benefited, too.

The Economic Development Board, the agency responsible for garnering overseas investments, is promoting Singapore as a total business centre and wooing multinational corporations to site regional headquar-ters in the city to service their regional network of companies. This concept has been tried before in other countries but few have offered the bait of tax

breaks which lower corporate taxes from the normal 33 per cent to 10 per cent on Singa-pore-derived income and tax relief on foreign-source income for services. Thus dividends from subsidiaries actively manrom subsidiaries actively managed and controlled by the OHQ qualify as well.

To date, Deutsche Bank, West Germany's largest bank, has relocated its entire Asia-Pacific office and training centre from Hamburg to Sizen

racinc omce and training centre from Hamburg to Singa-pore. Among the 16 firms con-ferred OHQ status are Jepan's Sony and Fujikura, ANZ Bank, US-based Polysar and Foxboro. The OHQ atatus has also been awarded to two local companies - Times Publishing Berhad, a publishing conglomerate the overseas operations of which outweigh local activities, and the Pico Group, which has contracts to build exhibition stands around tha world.

The OHQ policy is selective. To qualify, e company must establish a regional headquarters, distribution base, mannfacturing base, technical ser-vice centre, gateway to south east Asia and China, product development centre, training and education centre or a market base for information gath-

ering or exchange.
Multi-national corporations were important because foreign direct investment was and is an important source of Singapore's economic growth. Lee Hislen Loong, Trade and Indus-try Minister, says: "They had the expertise to produce high-quality goods, the interna-tional persons to market them tional network to market them and the financial muscle to make the large capital invest-

ments necessary.

"They did not have to rely on the domestic market for external financing. Many were large enough to commit size-able start-up capital from internally-generated funds, or if they did require external financing, obtained it without much labour pool, and exported to difficulty from international Singapore for the more capital-

Also in 1986, when the OHQ concept was introduced, Singapore was already home to about 600 multi-national corpo-rations — the largest for any city in the world.

Singapore's biggest asset and liability is its people. It has no other natural assets to speak of Prosperity, in large part, depends on the Asia-Pacific region's growth. To ensure its workforce is an asset, produc-tivity must be high, so it con-centrated on the finance and manufacturing sectors which offered scope for upgrading

Like many developing nations, it started out with

labour-intensive industries. But attempts for a swift transi-tion to higher wages within three years led to its first recession in two decades in 1985. The cost of doing business and of wages in particular in Singapore was out of synch with regional rival's scales. The anomalies have since been corrected but the chronic labour shortage persists for the electronics industry as well as for technical, clerical and administrative jobs. So the business emphasis wes changed towards becoming a strategic node in the global

Singapore's infrastructure equals those of the more industrialised countries. Political and financial stability and con-ducive, competitive husiness environment can be used by the multi-national to supplement those of the Asia-Pacific region. Prime minister Lee Kuan Yew suggested that the labour-intensive parts of e product could be done in neighbouring countries, tap-ping their bigger and cheaper

labour pool, and exported to Singapore for the more capital-or skill-intensive work.

The OHQ concept was endorsed by Mitsubishi Research Institute (MRI) for Japanese multi-nationals. It agreed with the Prime Minister that with a prophile characteristic with the prime Minister that with a prophile characteristic with the prime Minister that with a prophile characteristic with the prophile characteristics. that "The republic should not be used as a base for the pro-duction of unsophisticated goods in future ... But for the production of high-technology or value-added goods, or as a regional headquarters for the operations of Japanese compa-nies in south east Asia. Setting np a training centre here would eliminete language problems while saving on local taff staying in Japan for up to

five months."

The MRI also suggested that company headquarters in Sing-apore could handle regional operations and remain complementary to their Japanese head offices, while regional offices could frame marketing and export policies and suppor operations in Thailand and Malaysia

Any successful new idea is bound to be copied. For the OHG concept, Singapore has less to fear from Thailand, according to a Japanese executive, which, though attractive to investments because of the to investments because of its cheap labour, still lacks sufficheap labour, still lacks sufficiently strong infrastructure. Hong Kong also suffars the problems of e hrain drain, political uncertainty after 1997 and high rents.

Political and economic stability are still prime considerations along with wage costs in the selection of bases; and with Singapore's, workers, heits

Singapore's workers being rated the world's best for the seventh year, the OHQ concept appears to be e winning for

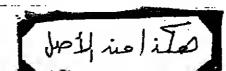
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LEGAL COLUMN

Firms show interest in multinational groups

By David Churchill

NEXT July is likely to see the real start of the UK legal profession's drive into continental Europe in a big way.

European Community regulations then coming into force will create new multinational groupings, called European Economic Interest Groups (EEIG), as part of the drive towards a single European market in 1992.

Already some leading law firms are understood to be holding detailed negotiations with their counterparts throughout the EC with a view

to forming such groups.

They will enable partnerships of law firms to be created in all but name since European legal associations at present do not allow international partnerships to be formed.

The exact purpose of EC reg-ulation 2137/85 is to "facilitate or develop the economic activi-ties of its members and to improve or increase the results of those activities." However, what keeps the EEIG from being a full partnership agree-ment in its own right is the clarification that says its aim should not be to make profits for itself but for members of

While many partnerships throughout Europe are actively considering the potential of forming an EEIG, five firms throughout Europe have already set up the first one (or

as near as it can be until the law takes effect from next

Firms from France, Spain halve, Belgium, and Britain have come together to form an EEIG under the name of Pannone DeBacker.

'We have been working together with our European partners for a long time'

Manchester-based Pannone Blackburn explained that the new venture would effectively operate as one practice with five departments in Europe.
The firm said: "We think it makes more sense to have local firms in the arrangement

local firms in the arrangement rather than follow the traditional British approach of setting up local offices."

"We have been working together with our European partners for a long time and know them very well already, so it is a coming together of like minds rather than taking a like minds rather than taking a risk with untried partners." the five took a year before the final agreement was drawn up. Apart from Pannone Black-burn, the other members are

Legal

Appointments

appear

every

Monday

For Further Information

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DeBacker Godfrey Tanghe of Brussels, Chaney Baudoin Connor of Paris, Sperafico Marsag-lia of Milan, Jausaf y Pinto of Barcelona and Miguel Angel of

Some firms, however, are taking a different route. Frere Cholmeley, one of the UK's leading commercial law firms, has set up an Anglo-German group — a multi-disciplinary team from the firm's company, commercial and litigation departments in London, Paris, and Monaco. It will be headed by Dr Michael Carl, who is qualified in both English and German law and has been admitted to the courts of both countries. The group will offer a bilingual service on all aspects of Anglo-German law and its impact on the EC. He said: "West Germany is

second only to the US as Britain's most important trad-ing partner and we anticipate increasing growth as 1992 approaches."

Boodle Hatfield last week also recruited Antonio Iras-torza, who was admitted to the Madrid Bar in 1985 and quali-fied as an English solicitor in 1987, to help develop its UK/ Spanish services. EEIGs, of course, would

become largely superfluous if all the European legal associa-tions agreed to allow partnerships to be set up as well as accepting legal qualifications.

Mr Francis Maude, the corporate affairs minister at the Department of Trade and Industry, recently pointed out that "if you wanted to be able to practise law in a fullyqualified capacity in every member state, you would have to train for over 50 years — so you would be drawing your

pension before you had

embarked on your career! However, he told his audience of lawyers that all was not lost. He said: "The directive of mutual recognition of higher education diplomas will greatly facilitate freedom of movement for professionals in the EC, by making their quali-fications acceptable in any member state."

Mr Maude added: "The Gov-

mr maude adner. "The Gov-ernment strongly supports this directive." It offered the profes-sions the challenge of increased competition in the host state and, in other mem-ber states, the opportunity to compete on equal terms with compete on equal terms with nationals."

THE TRADITIONAL sole right of solicitors to brief barristers is under threat from the Bar Council From next year it is likely that members of other professions will have the right of direct access to barristers.

A committee, drawn from members of the various spe-

cialist associations within the Bar and its professional stan-dards committee, will lay down the criteria on which the Bar Council will give its approval to professions seeking direct

These criteria will be decided "as soon as possible" but are expected to be in place by the ginning of next January. This committee will then sift all applications from members of other recognised profes-

sional bodies it will also be asked to resolve any problems arising in connection with a particular application or as a result of the experiences of individual barristers advising those granted direct access.

'Another practical step towards offering the most efficient and cost effective service'

Robert Johnson, QC, chair-man of the Bar, described the move as "another practical step towards offering the pub-lic the most efficient and cost

effective service."
He added: "While we must consider carefully what parameters to apply, there is no good reason for denying

sional men and womeo in cases where they are capable of preparing the details of the matter. These changes will make briefing counsel both quicker and cheaper for our lay clients."

THE SUGGESTION in a recent column about the poor way that women in the legal profession are treated clearly touched a raw nerve. Comments from women solicitors who feel the profession treats them as second-class citizens were most common, although some (albeit male) correspon-dents believed that the greater intake of women into the pro-fessioo would inevitably see them getting a better deal in the years ahead.

Anna Turnbull-Walker, a partner in the Gravesend firm of Hatten Wyatt, emphasises that she works on a flexible basis rather than part time. "I fail to accept that it is impossible to re-educate clients not to expect lawyers to be available for 24 hours a day, seven days a week," she says, "It is not

expected of other professions. " I run the criminal depart-ment in my firm, which is a very busy department, and have rarely experienced diffi-culties in not generally being available in the afternoon."

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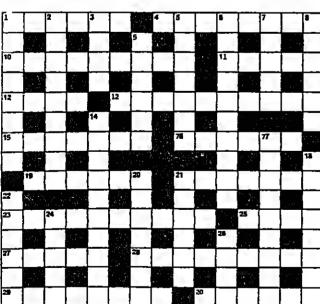
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JOTTER PAD

CROSSWORD

No. 6,791 Set by TANTALUS



- ACROSS

 1 Disaster if returning to racecourse without leadlog trainer (6) 4 They may be used to improve locks (8) 10 Attendants, maybe teo born
- same time as us (9)
 11, 12, 16, 27 For The the sport to have the engineer (Hamlet) (5.4,3.3.5)
- 13 Drunken uncle left a feeling
- of discomfort (10) 15 Pragmatist in Korea lis-ten to him! (7)
- 19 Hound a spy (6)
- Libya (7) 23 Simple oriental chaps meet
- sailor in city (10) 25 Leaders of Aslan camp made Everest peak (4) 27 See 11
- 28 Reject bird in select society 29 Get a waistcoat in attempt to have hurlesque (8) 30 Make final payment for
- bench (6) DOWN

 1 Type of carpentry that makes one worry? (4-4)

- 2 Against business with this
- 6 Other classic characters have no hesitation in being
- pedantic (10)
 7 Gianl constellation (5)
 8 You shouldn't miss it! (6) 9 Camble everyooe goes in dancing (6) 14 Unmarried actor finds part
- of horse's harness (10) 17 Skill in 1 down for instance
- beast look! (5-3) 20 Beseech men not to start on pleasure excursion (7)
 21 Letbargic crew at Oxford

22 Autocrat posted letters (6)

- 24 Run a special edition (5) 26 Small child with German going to Egypt (4)
- blowing up? (9)
 3 Mooday for example (4)
 5 Sceing animal, they each scatter without youth leader (7)
- 19 Hound a spy (6)
 21 S(umble on oil produced in 18 Crocidolite makes ferocious
 - The solution to last Saturday's prize puzzle will be published with names of winners on Saturday December 3.

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GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new gurchasors. These charges are included in the price when the costomer buys units. OFFER PRICE
The price all which units may be bought.
BID PRICE
The price of which units may be sold.
CANCELLATION PRICE.

The price of the price of the price when the price when the costomer buys units.

The price of the price of the price of the price when the price of the price of

The price of which units may be sold. CANCELLATION PRICES. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, only trust managers quote a much narrower spread. As a result, the hid price is often set until above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers. The lime shown alongside the fund manager's mane is the time at which the entirests delity dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: 9 — 0001 66 1100 hours; 9 — 1401 to 1400 hours; 9 — 1401 to 1700 hours; 9 — 1701 to mindight.

Historic Priceing

The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm outcation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in softward or the purchase or sale being carried out. The orders appearing in the newspaper show the prices at which deals were carried out. The orders appearing in the newspaper show the prices at which deals were carried out. The prices appearing in the newspaper show the prices at which deals were carried out. The prices appearing in the newspaper show the prices at which deals were carried out. The prices appearing in the newspaper show the prices at which deals were carried out. The prices appearing in the newspaper show the prices at which deals were carried out. The prices appearing in the newspaper show the prices at which deals wer

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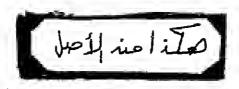
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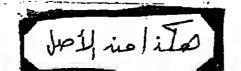
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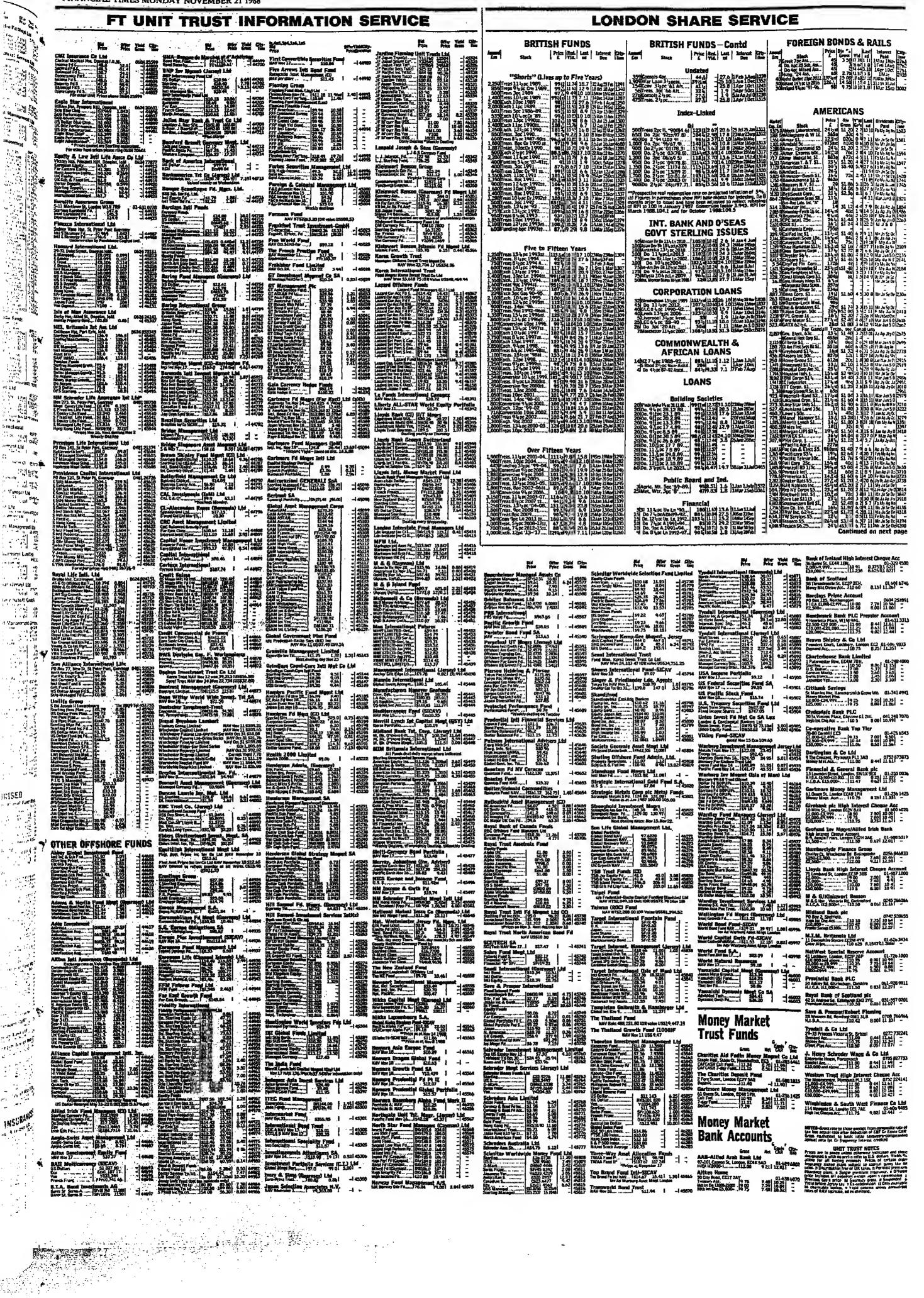
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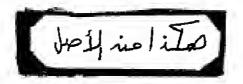
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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Trying times for the US dollar

by Jonas Crosland

DOLLAR TRADING is likely to start on a cautious note this morning, with the currency market waiting to see how central banks act. Dealers in Lon-don will be hoping for some lead from trading in Tokyo, in particular for any signs of Bank of Japan intervention.

Further intervention hy the Group of Seven countries could keep the dollar off the critical list, at least initially, but markets are looking for some concrete action on the twin US hudget and current account deficits. They view G7 support as purely a short term mechanism likely to do little more than control the dollar's

There is now a reluctant acceptance in the currency markets that little fundamental can be done until the incoming Bush Administration is in position in Washington towards the end of January. Investors will by then, be looking for positive policy deci-sions on the deficits and not just ad hoc G7 intervention.

High US interest rates would, of course, make investors oit up and look at the narrowing differential between say Euro-dollars and Euro-sterling or the increasing attraction of dollar deposits over you or D Marks. Nonetheless, the key question remains: would the premium be suffi-cient to allay fears about potential exchange rate losses? For the moment the answer is a fairly definitive no, and the prospects of higher rates soon, were not particularly enhanced in comments made last week by Mr Nicbolas Brady, the US Treasury Secretary, now con-firmed in that office by President-elect Bush.

His attempt to calm foreign exchange markets largely backfired. By suggesting that the US Administration should not be panicked into pushing up rates to defend the dollar, it being after all, a fundamentally strong currency, he managed to conflict with the mar-ket's view of things. Its inevitable narrow focus suggests that the dollar is not, as

gests that the dollar is not, as of now anyway, a strong currency, and that a failure to raise US rates will accelerate its steady decline.

Euro-dollar interest rates have edged up half a point over the past month, yet last week, when dollar pressure really started to build, the change was marginal. At the same time, the US Federal funds time, the US Federal funds rate, regarded from time to time as a barometer of official thinking, has hardly moved in

the past week.

The key short term question remains: how will central banks act today? Many investigations are today? tors had covered their short

positions last week before central banks moved in on the market. Hence the bear squeeze turned out to be a painless affair, and certainly nothing like the squeeze sprung by the G7 last January. As Mr Nick Parsons, group economist at Union Discount, pointed out: "The market will

not now be short of dollars and is better poised technically, for a further drop."

If the dollar is to fall further, investors must quickly find

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Nov.18	Barb of England Index	Morgan Guranty Changes %
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Nov.18	\$	S
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which other currency is the best buy of the day. Sterling is attractive, in that sterling denominated paper offers a higher return than in any

other major currency.

However, the release on Friday of UK trade figures for October, adds a further compli-cation to the quest for the best currency return. Mr Nigel Law-son, UK Chancellor of the Exchequer, has already said that the current account deficit is likely to be one of the last

economic indicators to benefit from the current tight mone tary policy, and hence those investors waiting to be pleasantly surprised on Friday are

in the minority. Forecasters in the market are looking for a current account deficit around the £1bn mark, compared with September's narrower than expec-ted shortfall of 2560m. Any figure significantly worse than that will provide another test for sterling confidence.

Nov.18	Short.	7 Days	Goe	Three	Str	One
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	Day's			%	Three	%
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S	1.8075 - 1.8215	1.8160 - 1.8170	0.48-0.45cpm	3.07	1.34-1.29pm	29
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ricertand .	2644 - 2654	2644-2654	17-17000	7.08	51-43 pm	7.5

Nov.32	Cay's spread	Close	One month	7. p.z.	Three populities	% 9.4
UX1	1.8075 - 1.8215	1.8150 - 1.8170	0.48-0.45cpm	3.07	1.34-1.29pm	2.90
tetis:	1.5295 - 1.5380	1.5340 - 1.5350	0 03-0,13ct/s	-0,82	0.27-0.3764	-0.B
Calada	1,2225 1,2350	12315 - 12325	0.15-0.19005	-1.70	0.55-0.60ms	-1.8
letherlands.	1,9505 - 1.9690	1.9570 - 1.9560	0.56-0.54cpm	3.36	1.85-1.81=1	3.73
elpun	36.25 - 36.60	36.30 - 36.40	6.00-4.00cpm	1.65	20,00-1A.00am	1.98
Married	6 6812 - 6.7414	6.694 - 6.704	0.60-0.20o-epm	0.72	1.75-L30mm	0.91
W. Germany	1,7255 1,7470	17345 17355	0.57-0.540/94	3.83	1.82-1.78cm	424
٠٠٠ بوقعيش	1444 - 1454	1444 - 1444	40-70cds	434	125-20045	-4. 4 8
OZIA	11405 115.20	114.25 - 114.35	22-32m/s	-283	86-98ds	-325
Lily	1207 - 1297 4	12894 - 12904	2.50-3.00H rats	520	7.80-8.50ds	-2.52
GENERAL STREET	6.5612 - 6.6012	6.59-6.592	3.30-3.90oratts	45	0.45-9.150%	-534
	5.911, -5.961	5924 - 5935	0.35-0.30cpm	2799	1.25-1.10cm	0.79
weden	6044 - 6084	6 064 - 6.064	0.90-1.05oredis	-1.93	2.25-2.650s	-1.62
2021	122.35 123.25	122 50 - 122 60	0.48-0.45	4.54	145-142-	4.67
ustria	12 164 - 12 26	12.225 - 12.23	4.00-Z.00srapes	295	12.00-8.00ms	3.28
enturerland.	1.4515 - 1.4666	1.4565-1.4575	0.53-0.50ccm	4.23	1.74-1.6900	4.61

MONEY RATES

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MONEY MARKETS

A change in the longer view on interest rates

A RISE in UK interbank rates is slowly, hut steadily beginning to focus attention on hase rates. Most market players still believe that calls for a rise to 1211 or 13 p.c. in bank base rates are premature. But a changing pattern in the cur-rent yield structure, could be giving early signs of, what may

be, the writing on the wall.

The yield curve has clearly flattened over the past week, and only one sixteentb of a point prevents the structure from being positive out to one-

There are two main reasons for this change of heart. A gen-tle rise in US rates suggests that, in order to maintain the current interest rate differential in the pound's favour, UK rates are having to show a similar rise. Secondly, the market is showing increased concern about inflation, and the pace of economic growth. Some sucress has been

achieved in slowing things down, in the bousing market for instance, but it is not suffi-ciently clear from official data, that the tightening in mone-tary policy, implemented in the summer, is having the desired

effect, just yet.
Further evidence of the mar-

UK clearing bank been leading rate

through the performance of short-storling futures, in the London Liffe market. The March contract has fallen sig-nificantly in the past week

from 88.14 to 87.76.

For the time being, the UK authorities are probably happy to leave base rates where they are, and wait until the New Year, for fresh pointers on the level of demand in the economy.

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FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzle in conjunction with the Institute of Actuarles and the Faculty of Actuaries

	FRIDAY	HOVEMBER	18 1988	-	THURSD	YA MOAEWSE	R 17 1988	DOLLAR INDEX			
US Dollar Index	% Change Since Dec.31 87	Pound Sterling ladex	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988 High	1988 Low	Year ago (approx)	
98 13 132.08 114.98 149.42 129.44 110.36 86.95 106.16 132.92 85.13 186.44 138.42 174.03 108.58 72.60 121.50 117.36 151.59 133.14 78.75	+38.9 -26.0 +41.1 +29.4 +12.5 +12.5 +12.2 +12.5 +13.2 +26.9 +9.5 +31.9 +45.0 +65.0 -12.1 +14.3 +34.3 -5.7 +4.8	118.69 80.07 93.84 121.96 105.64 90.07 70.97 86.65 108.48 69.48 152.17 112.98 142.04 96.14 96.79 123.72 108.67 64.13 34.13	112.92 88.60 119.22 102.57 136.16 112.13 102.65 78.43 106.38 122.05 82.02 144.27 435.15 97.01 59.36 108.77 96.81 131.26 119.54 71.13	4.65 2.42 4.25 3.39 2.20 1.49 2.46 4.09 2.46 0.52 3.01 1.25 6.57 2.56 4.75 2.39 2.39 2.37	145.78 98.08 132.44 114.29 148.20 130.67 110.79 86.28 105.63 132.25 84.74 185.33 138.46 169.78 108.72 72.73 121.84 118.96 119.18 152.36 119.18 152.36 119.18 152.36 119.18 152.36	118.65 79.80 93.03 120.6.36 90.18 90.18 106.36 90.18 107.69 107.71 90.80 90.10 107.71 113.36	88.39 119.21 102.08 135.20 112.84 102.67 77.58 120.97 81.36 143.18 424.54 96.77 106.32 97.39 113.76 75.89 113.36	98.34 139.89 128.91 149.42 139.53 111.95 87.49 111.86 144.25 86.73 186.44 154.17 180.07 111.00 84.05 132.23 135.89 139.07 164.47 133.58 86.75 141.18	83-72 99-14 107-06 111-42 106-78 72-77 67-78 84-90 104-60 62-99 133-61 107-83 90.07 95-23 64-42 98-26 130-73 96-92 74-13 120-66	91.53 102.16 100.73 107.23 107.23 82.10 74.14 86.00 99.85 74.56 136.50 136.50 14.20 77.04 102.44 96.51 115.74 96.91 86.91	
108.65 114.79 181.55 154.84 108.97 99.67 123.14 153.09	+8.1 +9.8 +31.6 +24.3 +7.8 +14.4 +27.9 +23.2 +19.8 +18.5 +9.2	93.69 148.18 126.38 88.94 81.35 100.51 124.95 110.83 111.13 91.24	108.65 99.43 141.53 124.79 108.29 90.92 105.07 123.91 119.32 118.90 105.28	3.73 0.74 1.63 3.71 3.00 4.67 1.70 2.08 2.30 3.77	107.92 115.20 180.54 154.40 108.25 100.09 123.22 152.66 135.16 135.61 111.53	87.84 93.76 146.95 125.67 88.10 81.47 100.30 124.25 110.01 110.38 90.78	99.46 140.79 124.34 107.58 90.98 104.98 123.46 118.73 118.35 104.90	115.20 181.55 154.84 116.07 100.74 128.27 153.09 135.79 136.16 115.54	97.01 130.81 120.36 99.78 80.27 87.51 120.26 111.77 113.26 100.00	98.69 96.26 133.08 118.38 98.80 82.83 89.83 117.86 109.71 110.32 97.87	
	Dollar Index 145.42 98.13 132.08 114.98 149.42 129.44 110.36 166.16 132.92 85.13 186.44 174.03 108.58 72.60 117.36 117.36 117.36 117.36 117.36 117.36 117.36 117.36 117.36 117.36 117.36 117.36 117.36 117.36 117.36 117.36	10S % Change Since Index Dec. 31 87 145.42 +38.9 -98.13 -2.6 132.08 +28.0 114.98 +4.1 149.42 +29.4 129.44 +12.5 110.36 +28.2 86.95 +12.5 106.16 +19.2 132.92 +26.9 85.13 +9.5 186.44 +31.9 138.42 +24.0 174.03 +65.0 108.58 +8.3 72.60 -4.7 121.50 +19.4 117.80 +21.0 117.36 -12.1 117.36 -12.1 117.36 +14.4 117.80 +21.0 117.36 +14.4 117.80 +21.0 117.36 +14.4 117.80 +21.0 117.36 +14.4 117.80 +21.0 117.36 +14.4 117.80 +21.0 117.36 +14.4 117.80 +21.0 117.36 +14.4 117.80 +21.0 117.36 +14.4 117.80 +21.0 117.36 +14.4 117.80 +21.0 117.36 +14.4 117.80 +21.0 117.36 +14.4 117.80 +21.0 117.36 +14.4 117.80 +21.0 117.36 +14.4 117.80 +21.0 117.36 +14.4 117.80 +21.0 11	11S % Change Pound Sterling Index 145.42 +38.9 120.09 132.08 +28.0 107.80 114.98 +4.1 93.84 149.42 +29.4 121.96 110.36 +28.2 90.07 86.95 +12.5 106.16 +19.2 85.13 +9.5 69.48 156.44 +31.9 152.17 138.42 +24.0 174.03 +65.0 142.04 177.03 +65.0 142.04 117.80 +21.0 99.16 117.80 +21.0 99.16 117.80 +21.0 99.16 117.80 +21.0 99.16 117.80 +21.0 96.14 117.36 -12.1 95.79 117.36 +14.3 123.72 133.14 +34.3 123.72 133.14 +34.3 123.72 133.14 +34.3 123.67 78.75 -5.7 64.27 138.90 +4.8 13.36 188.68 114.79 +9.8 148.18 154.84 +24.3 168.97 +7.8 99.67 +14.4 81.35 123.14 +27.9 100.51 155.79 +13.6 148.18 123.14 +27.9 100.51 135.79 +19.8 111.13 111.79 +9.2 91.24 10.83 111.13 111.79 +9.2 91.24	Dollar Dec. 31 87 Sterling Index 145.42 +38.9 118.69 112.92 98.13 -2.6 80.09 88.60 132.08 +28.0 107.80 119.22 114.98 +41 93.84 102.57 149.42 +29.4 121.96 136.16 129.44 +12.5 105.64 112.13 110.36 +28.2 90.07 102.65 86.95 +12.5 70.97 78.43 106.16 +19.2 86.65 106.38 132.92 +26.9 108.48 122.05 85.13 +9.5 69.48 122.05 85.13 +9.5 69.48 82.02 186.44 +31.9 152.17 144.42 138.42 +24.0 112.98 142.77 174.03 +65.0 142.04 435.15 198.58 +8.3 88.62 97.01 177.80 +21.0 96.14 108.72 117.80 +21.0 96.14 105.77 117.36 +12.1 95.79 96.81 133.14 +34.3 108.67 71.13 133.14 +34.3 108.67 71.13 133.90 +4.8 113.36 113.36 114.79 +9.8 93.69 99.43 181.55 +48.8 148.18 141.53 108.65 +8.1 88.94 108.29 99.67 +14.4 81.35 90.92 123.14 +27.9 100.51 105.07 153.09 +23.2 124.95 123.91 111.79 +9.2 91.24 105.28 111.79 +9.2 91.24 105.28 111.79 +9.2 91.24 105.28 111.79 +9.2 91.24 105.28 111.79 +9.2 91.24 105.28 111.79 +9.2 91.24 105.28 111.79 +9.2 91.24 105.28 123.91 111.79 +9.2 91.24 105.28 123.14 +27.9 10.83 119.32 111.79 +9.2 91.24 105.28 123.14 +27.9 105.28 124.79 125.91 119.32 125.79 +19.8 110.83 119.32 125.79 +19.8 110.83 119.32 125.79 +19.8 110.83 119.32 126.70 +19.5 111.13 127.70 +9.2 91.24 105.28	US % Change Pound Local Gross Index Inde	11S % Change Pound Local Gross US	11S % Change Pound Sterling Currency Div. Div. Index Sterling Index Div. Div. Div. Index Sterling Index Index	BS Since Sterling Corrency Dollar Index Dollar Index Dollar Index Dollar Index Dollar Index Inde	US Since Since	11S 76 Charge Since Index Sterling Index Sterling Index In	

Base values: Dec 31, 1986 - 100; Finland: Dec 31, 1987 - 115.037 (US \$ Index), 90.791 (Pound Sterling) and 94.94 (Local). Copyright, The Financial Times Limited, Goldman, Sachs & Co., and County NatiWest Securities Limited. 1987 Markets closed on November 11: Beiglum and France.
CONSTITUENT CHANGES: Deletions: Bultonlicard.& risp.Xitaly), Hall(M.) and Pilgrim House (both U. IO.

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wollsted dividence. It is pures taken on prospector estimates. O Divident rate past or systems seed on dividend on full collectal, a Assumed divident and yields. Dividend and yield cuched see a estimated assessibled dividend rate, cover based on previous year's esemings. LES (power and ple based on latest assemal estraings. M Dividends and yield based on Prospect is for 1988. M Dividend and yield based on prospectus or other difficial estimates for 1989. For any other seed of the prospectus of the divident and yield based on prospectus or other difficial estimates. W Pro For er Ag Offised to holders of ordinary shores as a "rights" it introduction. Shacking price, a connection with reasymptosition merger or takener. I Allocomet price, & Unitsted securitie haping [] including warrants outdrougue." Third Mariet.

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LONDON RECENT ISSUES

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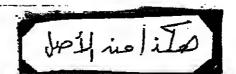
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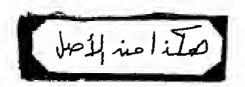
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Benefits of being a 'thick'

manager

f yon are a maneger and have been called "thick", consider it a compliment. According to Henry Mintzberg, professor of management at McGill University in Montreal. Canada, thick means thorough. while "thin" means fac ile. Thin management gets too much promotion, he com-plains, while thick often scarcely gets e look in.

The most refreshingly down-to-earth of husiness gurus, Mintzberg first came to prominence in the 1970s with his researches into the wey executives actually manage, as opposed to bow his fellow academics thought they did.

Since then, he has led spo-radic campalgns against the slmplistic hnt mnch-propagated view of manegement as a purely rational, "scientific" process. Mintzberg was extol-ling the Importance of intuition, emotion and other "soft" characteristics in management long hefore "In Search of Excellence" and other bestsellers took up the theme six

years ago. So was Professor James Brian Quinn, whose work on nanagement as a process of messy incrementalism and "controlled chaos" also had considerable influence on the two co-authors of "Excel-lence". Tom Peters borrowed the concept for the title of his latest besiseller, "Thriving on

Provocative word-pairings

While Quinn has gone on to other subjects - the changing relationships between mann-facturing and service - Mintz-berg is having o fresb crack at his old target. With the aid of a lexicon, be is compiling some of the most commonly nsed words in management, paired into "thick" and "thin". His word-pairings are certainly provocative. "Facts" are thin, for iostance, while "beliefs" are thick. "Expertise" "beliefs" are thick. "Expertise" is thin, "wisdom" thick. "Restructuring" lo thin, "creating" thick. "Calculation" is thin, "commitment" thick. And so on, down to "training" (thin) and "experience" (thick), as well as "bottom line" (thin) and "quality" (thick)

Mintzberg lct fly on the sub-ject at last month's annual Strategic Management Society conference in Amsterdam. His international audience of businesspeople, consultants and academics were delighted. They were less kind to a professor from the opposing school of "bard" logic and syslems who had the temerity to challenge Mintzherg's pre scriptions.

Trial-and-error process

Mintzherg also roiled ngalnst "rationalise", that ngainst "rationalise", that fashionable word with several meanings, all of which "are to the contemporory manager whot hlood-letting was to the medleval physicion," he claimed. And he took issue with the view, cpitomised by parter's michael medical medical medical parter's parter's parter's parter's michael parter's parter's parter's michael parter's parter part Professor Michael Porter's books on competitive advanbooks on competitive advan-tage, that effective strategy-making relies on ultra-analyti-cal ("thin") planning. Instead, Mr Mintzberg insists that suc-cess results from a trial-and-error process of "crafting" which involves much instinct and feel, as well as analysis. Crafting, of course, is "thick".

Mintzherg's message is clenrest when, as in the latter case, he gives some ground to his opponents. But he can tend towards overstatement. His point that over-analysis breeds point that over-analysis breeds bureancracy and paralysis has been recognised increasingly over the past few years by practising managers, if not by some of the ivory-tower academics he vilifies. But so have the dangers of uninformed intuition – otherwise known as managing by the seat of your pants (whother they are thick or thin).

The essential art of management is knowing (or feeling) how to strike the right balance hetween thorough enalysis and informed instinct. In "In Search of Excellence" this is called "tight/loose manage-ment". As en understated Dutch chief executive mut-tered after hearing Mintz-berg's speech. "surely it's hoth thick AND thin, rather than

Christopher Lorenz

Sara Webb talks to Peter Wallenberg, head of Sweden's leading industrial dynasty

Business Keeping the blue chips in the family

t is sometimes said that there are two enduring dynasties in Sweden, the dynasties in Sweden, the Social Democratic Party, which has governed Sweden for 50 of the last 56 years, and the Wallenberg family. In the past, the two have often worked hand in glove — one providing the means, the other the ideas for building up Swedish industry into an extraordinarily international force. Sut of the two, the Wallenbergs of the two, the Wallenbergs can justly claim the longer

inheritance.
The family traces its influence in Swedish hanking and industrial history to 1856 when Andre Oscar Wallenberg, an officer in the Swedish navy, founded Stockholms Enskilda Banken.

It was Sweden's first modern commercial bank and, as the Wallenberg family hank, it came to play an important role in Sweden's transformation from an agrarian to an indusfrom an agrarian to an indus-trial society at the turn of the century. The Wallenberg fam-ily gradually huilt up e sphere of companies: Andre Oscar's grandsons, the legendary Mar-cus Wallenberg and his brother Jacob, rescued Ericsson and Swedish Match after the col-lense of the empire built up by lapse of the empire built up by Sweden's match king, lvar Kreuger, who shot himself in

PERSONAL FILE

1926 Born 1953 Bachalor of Laws from University of Slockholm 1953 Joins Atlas Copco 1959-62 Managing director Allas Copco, Rhodesia 1974- Chairman of tha hoard of Atlas Copco 1974-80 Induelrial adviser to tha Skandinaviska Enokilda

Banken 1984- First vica chairman of tha hoard of S-E Banken (1989- President of the International Chamber of Commarce)

Paris in 1932. Marcus was also instrumental in creating SAS (Scandinavian Airlines System), although the company is no longer considered within

the Wallenberg sphere.
Today, the Walleoberg
empire includes key boldings held through investment com-panies and family trusts in most of Sweden's blue chips: names like Asea, Stora, Electrolux, Ericsson, Atlas Copco, Alfa-Laval, Saab-Scania, SKF,

industry confirmed what most Swedes know from a cursory glance at any hourse guide, namely that the Wallenbergs are "without comparison tha largest owners in Swedish

The report delicately skirted the question of whether such a concentration of power is desirable. But it poses e dilemma for Sweden's egalitarian Social or Sweden's egantarian social Democrats who are often taken to task — particularly by their allies, the Communists — for allowing such e build-up of power, even though they indoubtedly recognise the enormous importance that the Wollenberg have hed in the Wallenbergs have had in the post-war development end post-1960s restructuring of

wedish industry. The relationship between the Social Democrats and the banking/industrial empire has clearly changed since Peter took over on the death of his father Marcus in 1982. While Marcus was happy to drop by the Prime Minister's office whenever he felt inclined to sound out a few ideas, Peter makes no secret of his feelings about the government. "I've never made it e habit to drop by the Prime Minister's office. Industry has to solve its own problems and I don't believe one should run to government

at the drop of a hat."
So are the Social Democrats
no longer the friends they once
were to Swedish industry? "I
find it very difficult to read
their minds. It seems to me that the Social Democrats feel forced to satisfy the whims and desires of the majority of peo-ple first and that industrial problems often have to take

Nor is he a great admirer of the actions of the present Finance Minister, Mr Kjell-Olof Feldt, which are generally pop-ular in Swedish financial cir-cles. They are credited with helping to put the Swedish economy back on its feet since 1982, with the belp of tax increases, a hefty devaluation, and a fortunate fall in the oil price and dollar.

Instead, Peter Wallenberg points to the "unacceptable" Swedish disease of rising inflation and wage increases well above the OECD average, which the finance minister seems powerless to hring down. He says the remedy has been to raise taxes to a level unequalled in the history of the industrial world and adds reter, Marcus's son.

A recent all-party committee investigation into the concentration of power in Swedish

A recent all-party committee if the government takes too long in sorting out its relations with the EC



'It is becoming impossible to produce economically in Sweden'

"It is becoming increasingly impossible to produce locally in Sweden economically in many areas of industry. Swed-ish industry is very nationalis-tic hut it might end up having to close down factories in Swe-

Stimulated by the overall strong performance of Swedish companies, unions have eet their wage demands high.

"Right now, Swedish companies are doing well because of
the business conditions in the
outside world. But the profits
actually generated here in Sweden are minuscule in interneden are minuscule in interna-tional companies like Electro-

tional companies like Electro-lux, Atlas Copco, Alfa-Laval, and SKF," he says.

His latest plan has been to analyse the percentage profit generated in Sweden with the aim of linking this to wage increases in Sweden. This looks like a move guaranteed to annoy the unions and gov-ernment. "Perbaps that's exactly wbat we need," be says. "How can we compete with Japan otherwise?"

Mr Wallenberg gives the impression that he rather likes being the maverick shaking things up in the staid, mono-chrome world of Swedish poli-tics. As Chairman of the Feder-ation of Swedish Industries, he recently suggested Sweden should actually consider joining the EC — a suggestion which in Sweden at least is like a red rag to a bull.

His early career bears out this contrary streak. His elder brother Marc followed family tradition by joining "The Bank" (Stockholms Enskilda Banken merged in 1972 with Skandinaviska Banken, a pri-vate commercial bank, to form gnoted Skandinaviska Enskilda Banken in which the Wallenbergs have a 5 per cent stake). But Peter onted to go into industry instead.

When he eventually took over as bead of the Wallenberg empire, critics expressed doubts over Peter's ability to step into his father's shoes.
Stnng hy their premature indgement, his reaction, according to one close associate, was: "I'll damn well show

He had started his career as salesman at Atlas Copco, at the time a small mining equip-ment company, and clearly enjoyed the work, driving around Rhodesia in e clappedout van. There is a hint that he preferred it to the global jet-ting he does today, cultivating international contacts in busi-

ness and politics.
"Selling is e fabulous job. I

spent three years out in Rhodesia and I was on the telephone once to Sweden - I think the call lasted ebout three minutes . . . I will never be a banking expert, but 21 years in everyday industrial life, work-ing from a very low level, is an asset. It makes it easier to understand industrial problems and judge people's perfor-mance because I know roughly what people can do."

He describes himself as a "hands-off" type of owner "but that does not exclude moments of hands-on." Predictably, comparisons are always drawn between father and son. "Like Margue Peters is were hard." Marcus, Peter is very hard-working, straightforward, hut be has a rather un-Swedish sense of humour," says one manager who has worked with

both generations. At any rate, Peter has con-tinued the Wallenberg tradition of picking strong managers. His father chose people like Hans Werthen, who during his time et Electrolux has helped to restructure the white goods industry, and Percy Bar-nevik and Curt Nicolin, who

together engineered last year's

merger of Asea with Brown Boveri of Switzerland, a move aimed at restructuring the European electrical engineering industry.

Peter has added Bo Berg-gren, a friend for many years, to the ranks of Wallenberg managers and made him chief executive of Stora, the forestry group. Since then, Stora has pulled off three hig deals, tak-ing over Billertid, Papyrus, and this spring, Swedish Match its most daring move as it decided to expand its activities in the packaging business.

in the packaging business.

"I'm very keen to have managers with the general capacity to look beyond the immediate operations of the company and see it in a wider perspective." It is said he prefers those with a low profile (the Wallenberg motto is Esse non vider! — To be, not to be seen), and trusts those "with a bit of dirt under their nails" as opposed to banking types.

Though the Wallenbergs can still hold together an industrial

still hold together an industrial empire - relying on personal influence, loyal boards of directors and top executives to keep control - they have had to step up the size of their minority holdings to fend off unwel-

Even though Sweden's pat-tern of industrial ownership has remained extraordinarily stable in its upper echelons, the last decade has seen the emergence of new financiers and stock market investors. (Such people include Erik Pen-ser, who controls Nobel Industries, and Anders Wall, who controls the Beijer industrial and financial group.) There has and mancial group. There has also been a rapid growth in turnover on Stockholm's once sleepy stock exchange. This has forced the Wallenbergs, through the investment companies Investor, Providentia, and Export-Invest, to tighten their grip on industrial companies like Asea by increasing the size of their strategic holdings.

But this has not prevented newcomers from taking stakes in the Wallenberg companies. For e start, Peter had to extri-cate himself from a deal made hy his father shortly before his death which gave Volvo 25 per cent holdings in Atlas Copco and Stora while the Wallen-berg investment companies acquired a stake in Volvo. By doing so, Marcus appeared to be disowning his son and to have chosen Pehr Gyllenhan mar, the Volvo chief, as his

Peter's response was to buy up shares in Volvo, eventually forcing a "mutual agreement" to disinvest soon after. The deal cost Wallenberg SKr3bn Anothar clasb occurred between the two men over the chairmanship of Skandinav-iska Enskilda Banken, with both seeking to win the post. The board finally selected e compromise candidate, Curt

Though Swedish business circles are not given to unfriendly takeovers, there bave been other stealthy moves, like Trelleborg's decision to huy 10.1 per cent of SKF, and the Lundberg fami-ly's purchase of a 25 per cent stake in Alfa-Laval.

But ask Peter about intruders and be scoffs. "Do you expect me to sell out?" Nobody really does. The next genera-tion, his and Marc's sons, both in their early 30s, are being groomed at the bank and are expected to take over the reins eventually.

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Freedom of expression depends on reform

hen the British Gov-ernment unfolds Its legislative programme for the coming session of Parliament in the Queen's Speech tomorrow, it will be looking for parliamentary hlessing to new laws touching directly on some fundamental freedoms of human rights. Yet, whence do parliamentarians today find their text for match-ing statutory provision against the basic freedoms upon which

our democracy is based?

After a longueur of universal criticism of Section 2 of the Official Secrets Act 1911, that makes even the most trifling pieces of information officially secret and makes unauthorised disclosure a criminal offence on the part of anyone who parts with possession of the official secret, the Home Secre-tary is producing a bill that may have at least by compari-son the duhious virtue of being

tion is to know precisely where to draw the line between information which hy common consent affects national security and national interest and information which can and should be freely available. If one starts be freely available. If one starts from the premise of government by secrecy then it is mainly a question of liberating only that information which it is safe to open up. If, on the other hand, one starts from a basic principle of freedom of information, then the took of information, then the task of the legislator is to restrict to a minimum that which cannot safely be_revealed for public scrutiny. There is, however, no constitutional guarantee of freedom of expression in this country. Indeed the failure of successive governments to bring in a freedom of information law has enabled them to promote in the name of "reform" ever more restrictive measures, such as the law of confidentiality and the contempt laws, and to resist any removal of the more strict rules relating to the law of

libel. A very different piece of prospective legislation in the coming months will provide much the same predicament for members of parliament. The long-awaited child care legislation, following hard on the



JUSTINIAN

heels of divisive public views about the Cleveland Inquiry and other child abuse cases, will involve some acute issues.

Almost all the projected changes come up against the rival principles of a child's need to be protected by officialdom against parental cruelty or neglect and the rights of parents to hring np their own children without interference from authority, unless social from authority, unless social intervention is very positively indicated. Nowhare does English law emphatically state the freedom of respect for family life (although the courts do appear to base their decisions on such a principle) and the legally enforceable right of a child — a right that is separate and distinct from the parent, which the law will protect et the instance of a third party. English law has so far been hesitant to endorse such a funhesitant to endorse such a fun-damental right.

Our legal system is rooted in the common law of England, developed over the centuries by the courts and in recent years declared, amplified or supplemented by piecemeal acts of Parliament and dele-gated legislation from govern-ment departments. Not much of the common law remains left untouched, but statute law is largely uncodified and legal principle is deducible only from particular rules. The com-mon law has exhibited a robust and health measure of individual autonomy and personal security, by declaring basic principles of freedom that are commendable but increasingly are seen to be insufficiently comprehensive end inadequate. Unlike the US, no written constitution constitution constitution to the constitution of the const ten constitution containing a Bill of Rights that is judicially enforceable exists in this coun-

try or even an ordinary enact-ment setting down the funda-mental freedoms to guide legislators and courts. None appears, moreover, to be forth-coming. Although the Prime Minister is reported as saying that hefore Britain could engage in a conference on human rights in Moscow in 1991, "freedom must be statutory" in the Soviet Union, the resent government epparently thinks that this country can live happily in freedom with-out precise legislative precept. Lord Scarman has once again proclaimed his firm com-mitment to Britain's need for constitutional reform, if only to protect ethnic minority rights. The problem for the public is to know what pre-cisely is being proposed by the growing body of constitutional reforms. Is it a 8ill of Rights with complete entrenchmant and a constitutional court, like the US Supreme Court, validating or invalidating legislation that impinges on fundamental freedoms? Or would it be a Bill of Rights that would have favoured status over other leg-islation short of full entrenchment? Or could it have a more modest role as a potential cor-rective only over earlier legis-lation; in other words, could Parliament in the future legislate even to override funda-mental rights? Whatever model

form, for easy reference and application by executive, legislature and judiciary, the civil liberties to which we all verbally subscribe but to which some pay only lip service. This year has witnessed the commemoration of the third centenary of the Glorious Revolution of 1688. That was an historic victory whereby absolute power shifted from the king into the hands of Parliament. It was e victory largely achieved by the courts assert-ing themselves on behalf of Parliament against monarchical power. It may be that what the courts did for Parliament three centuries ago should be repaid by Parliament seeking to control executive government through the judiciary. Sut only Parliement can ensure such a constitutional sea-change.

were selected, there would at least be available in written

NOTICE OF MEETING

SAVE & PROSPER FINANCIAL SECURITIES FUND

NOTICE IS HEREBY GIVEN to the holders of a Bearer Certificate that e meeting of the holders of units in the Save & Prosper Financial Securities Fund ("the Trust") will be held at One Finsbury Avenue, London EC2M 20Y on Wednesday, 7th December 1988 at 9.30 a.m. for the purpose of considering, and, if it is thought fit, passing the following resolutions which will be proposed as Extraordinary Resolutions and in such Resolutions (i) "the Trust Deed" means the Trust Deed dated 10th December 1954 constituting the Trust, as amended, (ii) "the Supplemental Deed" means the Supplemental Deed referred to in Resolution 6 below, (iii) "euthorised securities scheme" has the meaning givan to it in The Authorised Unit Trust Schema (Investment and Borrowing Powars) Regulations 1988, and (iv) "Section 81" means Section 81 of the Financial Services Act, 1986.

EXTRAORDINARY RESOLUTIONS

Investment and Borrowing Powers THAT this meeting hereby approves the modification to the descriptions of asset which may be comprised in the capital property of the Trust so that (but subject to the provisions of the Supplamental Deed) the Trust may invest in any asset which an authorised securities schema may invest in pursuant to regulations made under Section 81 and tha requisite modification of tha Trust Deed by way of the Supplemental Deed be and is hereby epproved.

THAT this meeting hereby epproves the modification to the proportion of the capital property of the Trust which may conoist of an asset of any description so that the proportion permitted for an authorised securities scheme by regulations made under Section 81 in respect of the relevant asset ahall instead apply to the Trust end the requisite modification of the Trust Deed by way of the Supplamental Deed be and is hereby approved.

THAT this meeting epproves the modification to the descriptions of hedging transaction which may be effected on behalf of the Trust so that any hedging transaction permitted in respect of an authorised securities scheme pursuant to regulations made under Section 81 may be effected on behalf of the Trust and the requisite modification of the Trust Deed by way of the Supplemental Deed be and is hereby epproved.

THAT this meeting hereby epproves the modification to borrowings which may be made on hehalf of the Trust so that eny borrowinge permitted in respect of an authorised securities scheme pursuant to regulations made under Section 81 may be made on behalf of the Trust and the requicite modification of the Trust Deed by way of the Supplemental Deed be and is hereby approved. Annual Management Charge

THAT this meeting hereby approves the increase in the maximum ennual percentage of the value of the Property of the Trust to be applied in calculating the periodic charge payable to the Manager of the Trust to 1.75% per annum, such increase not to become effective until 8th March 1989, and the requisite modification of the Trust Deed by way of the Supplemental Deed be end is hereby approved. Proposed Supplemental Trust Deed

THAT Sava & Prosper Securities Limited as Manager of the Trust and The Royel Bank of Scotland pic, as Trustee, are hereby authorised to anter into a deed supplemental to the Trust Deed in the terms of the draft deed submitted to this meeting (and for the purposes of identification aigned by the Chairman hereof), subject to such modifications (if any) as may be required to be made thereto in the event that any one or more of Resolutions 1 to 5 above is not passed at this meeting and thet the consequent changes to the scheme particulars of the Trust be and are hereby approved.

By order of SAVE & PROSPER SECURITIES LIMITED Dated 21st November 1988 as Managers of the Trust

2 Festival Square **EDINBURGH** EH3 9SX

K R SAYERS

NOTES:
 A holder of a Bearer Certificate for units in the Trust is entitled to attend and vote at the Meeting (in person or by proxy) in respect of units represented by that Bearer Certificate PROVIDED THAT the Bearer Certificate is deposited with Save & Prosper Group Limited, Hexagon House, 28 Western Road, Romford RM1 1BR not later than 48 hours before the Meeting or any adjourned meeting and that the holder produces at that meeting e Notice of Deposit of the relevant Bearer Certificate issued to that holder by Save & Prosper Group Limited. When the Bearer Certificate is deposited with Save & Prosper Group Limited, by a holder, that holder will be semt a Notice of Deposit and a Form of Proxy along with a copy of the explanatory circular letter to unitholders dated 16th November 1988. Upon receiving 48 hours notice and upon delivery of the Notice of Deposit to Save & Prosper Group Limited the Bearer Certificate will be returned to the holder.
 If a holder of a Bearer Certificate for units intends to nominate e proxy to attend the Meeting, and, on a poll to vote instead of him, such holder should complete and return the Form of Proxy that he obtains from Save & Prosper Group Limited, Hexagon House, 28 Western Road, Romford RM1 1BR not later than 24 hours before the time eppointed for the Meeting or any adjourned meeting.
 The quorum for a Meeting to pass an Extraordinary Resolution without adjournment is holders present in person or by proxy (other than the Managers) representing 10 per cent of all the units for the time being in Issue and the majorny required on a poll for the passing of an Extraordinary Resolution is not less than 76 per cent of the votes cast.
 On a poll, every holder (other than the Managers) representing 10 per cent of all the units for the time being in Issue and the majorny required on a poll for the passing of an Extraordinary Resolution is not less than 76 per cent of the votes cast.
 On a poll, every holder (othe

Where units have been issued but a certificate is not yet in the hands of the person(s) entitled thereto, such person(s) will be credited with those units for voting purposes.



THIS IS the seventh year in which the FT TOP 500, a survey of Europa's biggest companies, has been

The main list looks at all publicly quoted European companies, and ranks the 500 biggest by market capitalisation, taken as an average for the month of June this year and

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translated Into US dollars A second list ranks the top 500 companies in the UK stock market, A company's capitalisation is the

which is by far the biggest in Europe. number of its shares multiplied by the price of its shares, and therefore maasures the value of a company in the eyes of investors.

It is chosen as a yardstick because on profits. it has a number of advantages over other methods. It is a good guide to performance over time; it gives a proper weighting to banks, whose positions are distorted in lists based on turnover, and it takes proper account of loss-making companies which disappear from lists based

Tha stock market varies from one country to another, it is particularly important in tha UK, whereas in Wast Germany tha banks play a larger role in corporate finance, and in France and Italy many of tha biggest groups are state-owned. To take account of these factors,

a separate list is included of the top 100 European concerns, whether publicly or privataly owned, ranked by turnover

The Top 500 tables analysa the key figures on each company included - turnover, profits, return on capital employed, and the number of employees.

+10.4%

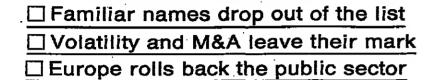
Other tables list the biggest employers, look at the most profitable stock market sectors, and list tha biggest profit increases and decreases

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There is a also a separate table ranking the top 100 UK investment trusts by market capitalisation.

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co., and County NatWest/

Wood Mackenzie in conjunction with the nstitute of Actuaries & the Faculty of Actuar



'Get big' the cry as 1992 approaches

TWO BOLD themes - share price volatility and takeover (and merger activity stamped an indelible mark on this year's FT Top 500, an annual survey of the leading European companies ranked according to stock market capi-

talisation. If not entirely nnprece dented, both themes have been intense enough to send economic historians hunting through the record books. Taken together, they have had a quite dramatic impact, distorting the rankings in many instances and making for a wholesale clear-out of once-fa-

miliar company names.
The collapse of stock mar-kets worldwide in October 1987 has historic parallels, notably 1929-30 in this century. But there can have been few occasions when takeover and merger activity in Europe has worked itself up into quite

such a fever. The proximity of 1992, and the formation of a single Euro-pean Community market, has been an obvious influence on the deal-makers. Whole industries have been forced to think hard about market share and competition, and in the process the rush to get big has created an avalanche of takeovers, mergers and co-operation

Bnt, in a perverse way, stock market weakness has supplied equal impetus. Investors may have been scared off equities by the traumas of 1987, but for the corporate world the share the corporate world the share price shakeout created a clear-cut opportunity — and it is one that Europe in particular was quick to seize.

The traumas of 1967, but for the cash in the buying of strategic holdings by companies, excluding takeovers, accounted for some 60 per cent of the cash lar was quick to seize.

Leap-frogging national boundaries became a favourite game, with business leaders right across the continent sud-denly seeing themselves as operators on an international scale. According to Price Waterhouse, European Community companies spent more than three times as much on foreign husinesses as North American companies in the 12

> 500 capitalisation by country

UK	- 518,536.0
Germany	, 155,033.4
France	
Switzerland	97.836.6
Netherlands/UK	
Italy	60,717.2
Sweden	52,386,7
Spain	45,521.4
Belglum	
Netherlands	
Finland	
Sweden/Switzerland .	5,874.3
Ireland	5,136,6
Denmark	4.506.4
Denmark	4.503.8
Austria	1.688:3

months to June 1988. And durwere no fewer than 19 trans-national takeovers worth \$500m or more.

Many observers pinpoint corporate share-buying as the main reason for the recovery in bourse values through most of 1988. This investment pattern has been strongly apparent in Europe. Recent research supply to European stock markets since January 1988. For the FT Top 500, this high

level of deal-making has meant

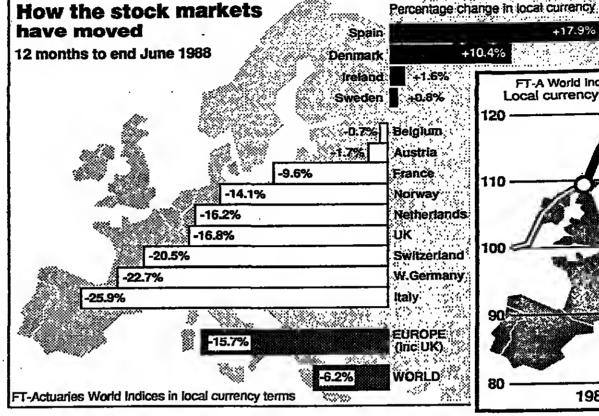
a plethora of new big names, notably LVMH in France, Asea-Brown Boveri in Sweden and Swirzerland, and a number of hig newly-formed Spanish banking groups. At the other end of the scale, relegation has been less painful than usual. More than 8 per cent (41 companies) fell out of the rankings, but many — Hill Samnel and Equity and Law Life, in the UK and Telemeratique in UK, and Telemecanique in France - reappeared in a new guise as a result of takeovers. The top tier has had its shaky moments, despite the now traditional attempt to present an unchanging face.
Once again Royal Dutch/Shell is first, capitalised at \$51bn, a sixth less than its share market value 12 months earlier; and there are no surprises in the fact that British Telecom and British Petroleum are sec-

ond and third.
In fact, the whole top 20 is a repeat of the previous year's rankings, except for the inclusion of Hoechst, the West Ger-man chemicals group, and BTR, the UK diversified indus trial group.

Bot there have been some

Bot there have been some surprisingly steep movements within the overall line-np: shrugging off the weakness of the Italian stock market. Flat has moved up from ninth to fourth place; Siemens, which cut its dividend and sent German Investors diving for cover, has dropped from seventh to 13th.

But, as always, the reader will more readily wish to focus



Europe Austria (inc UK) France Norway Netherlands Switzerland W.Germany Italy: EUROPE (inc UK) WORLD 80 15/18 _1988 1987 high-tech but equally sad **\$** Exchange rates (June averages)

FT-A World Indices Local currency terms

Europe's	biggest	employers

Rank Company	Country	Sector	Top 500 Rack	No. o
1 Siemens	Ger	541	13	359000
2 Philips	Ger	541	59	336700
3 Daimler Benz	Ger	401	8	326700
4 Unilever NV/PLC	Nuk	451	5	294000
5 Fiat	Ita	401	4	270578
, 8 Volksagen	Ger	401	79	260458
7 British Telecom	Uk	223	2	237205
8 CGE	Fra	221	83	219500
9 BAT Industries	Ük	171	14	168949
10 Hoechst	Ger	622	19	167781
11 Asea Brown Boveri	Swe/I	541	40	166768
12 Bayer	Ger	622	16	164100
13 Nestle	Swl	451	8	163030
14 Peugeot	Fra	401	44	160600
15 General Electric	Uk	541	29	157262
16 Royal Dutch/Shell	Nuk	212	1	136000
.17.BASE	. Ger	622	24	133759
18 Saint Gobaln	Fra	611	70	131324
19 Grand Metropolitan	UK	421	28	129436
20 ICI	Uk	622	10	127800
21 British Petroleum	Uk	212	3	126400
22 Lonrho	Uk	171	178	124484
23 Thyssen	Ger	633	132	123400
24 BET	Uk	171	111	118103
25 Mannesmann	Gar	566	150	113274

on the sharpest movements in absolute terms, and last year pride of place went to Williams Holdings. This fast-growing UK paint conglomerate pushed its market value up by 160 per cent, and in the process leapt from 466 to 213 in the rankings. In fact, the companies that

make up the 20 fastest gains

represent a fairly true reflec-tion of the influences most readily at work during the FT 500 year. Financial companies, buoyed up by the upsurge in demand for financial services of all kinds, dominate the the list, accounting for roughly one third of the top 20. And the

Currency	1988	1987	% change	1986
Austrian Schilling	12,3585	12,7831	~3,32	15.6977
Belgian Franc	36.7523	37,6818	-2.47	45.619
Danish Kroner	8.6821	6.8457	-2.39	8.2734
Finnish Markka	4.1628	4.4187	-5.79	5.2778
French Franc	5.9294	6.0728	-2,36	7,1185
German Mark	1.7571	1.8186	-3,38	2,2243
Irish Punt	0.6553	0.8789	-3.48	0.7367
Italian Lira	1304.647	1315.84	-0.85	1531.24
Netherlands Guilder	1.976	2.0482	-3,53	2.5113
Norwegian Kroner	8,3866	6.7057	-4.78	7.6037
Spanish Peseta	116,2091	126,261	-7.96	142,806
Swedish Kronor	6.0967	6.3393	-3.83	7.2021
Swiss Franc	1,4619	1,508	-3.06	1.8396
UK Sterling	0.563	0.6139	-8.29	0.6628

also very apparent. Rowntree, Savoy Hotel and Société Générale da Belgique will quickly be spotted as take-over candidates, in fact as well as fiction. Carlsberg, which also takes in the Tuborg label, has clearly gained from strate-gic share huying within the industrial drinks brand business. Finnish companies, which fall outside the jurisdic-tion of the FT Actuaries indi-

ture of the Helsinki bourse, are strongly in evidence. In many ways the backmarkers are equally predictable. Close to one-third of the 20

ces mostly on account of the curious two-tier share struc-

scramble for market share, is steepest falls are Italian companies, with retail chain Rinascente pulling up short at the very bottom, having tumbled from 339 to 487. Hit by a currency-led the US. Jaguar fell a headlong 134 places but at least managed to avoid the ignominy of Por-

sche, its West German car-making rival, which slipped ont of the listaltogether. Other notable absences this time round include Norsk Data, one-time Norwegian com-puter high-flyer which stood at 307 in the 1986-87 rankings, and Oce van der Grinten, the Dutch copier group. Laura Ashley, the UK fashionwear and fur-

departure.
The FT Top 500 also reflects the way the public sector con-tinues to be steadily rolled back right across Europe. France and the UK were again at the forefront of the trend. Société Générale and Suez, the two blg banking and financial groups, headed the list of French privatisations. Capital-ised at \$3.4bn. SocGen waded straight into the Top 100 list. Newly floated in July 1987, BAA led the UK new-issue con-

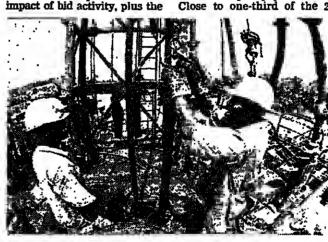
It is early days yet, but next year's FT Top 500 promises to make equally exciting reading. In the aftermath of the US presidential election, economic doubts have begun to crowd in upon the dollar, and world holding their breath. But the takeover pace remains relent-less: in recent weeks Société Generale, for one, has acquired an unwelcome big new share-holder. Europe's corporate backyard is still a place stalked by entreprenurial giants.

Jettrey Brown Statistics for this survey were compiled by Anne-Britt Dullforce, Neil McOonald and Rupert Arlow. The survey was co-ordinated by Jeffrey Brown.

Ayer



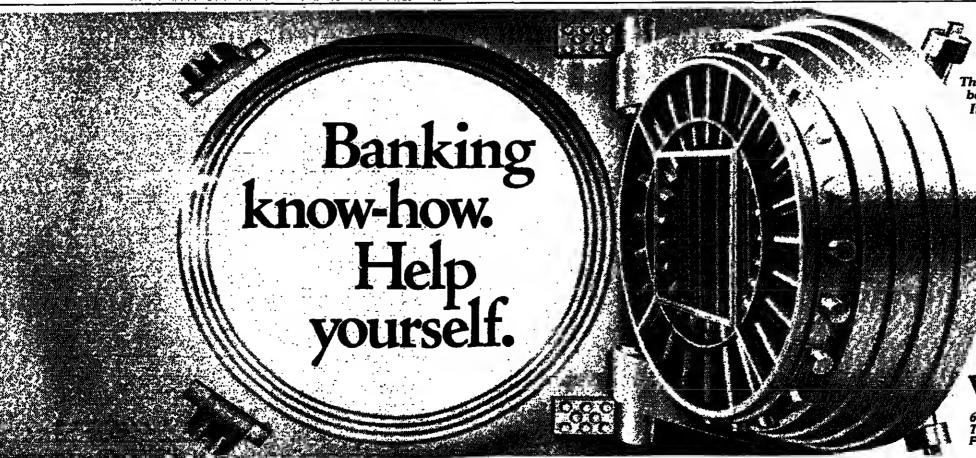






CONTENTS The Top European 500 European equities Sector and company profiles 5 The Top UK 500 **UK** equities Top 100 investment trusts Reprints of this survey (price £12) will be aveilable in Jenuary from the Financial Times, Reprints Department, London EC4P 4BY.





The experience of Cariplo - one of the major Italian banking groups - is at your disposal. Its Head Office in Milan, Italy, is linked on-line with over

400 branches; abroad the powerful international expansion has taken Cariplo into the most strategically important financial centres, with branches in Hong Kong, London and New York and representative offices in Beijing, Brussels, Frankfurt, Madrid and Poris in addition to connections with

1,800 correspondent banks. Therefore, oll over the world, Cariplo's assistance and services are easily occessible for any type of banking, financial and commercial transactions. It is logical to trust the competence of a great bank which, since 1823, has known how to move with

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The basis for the lists

☐ RANKINGS

The rankings of the European and UK Top 500 tables ere based on market capitalisetion et the end of June 1988. Preference cepital hes

been excluded from this calculation. Companies that have 70 per cent or more of their equity held by one other concern, or thet heve only e minimel proportion of their capital openly traded on the stock merket, heve been excluded from the list.

The capitalisation figures heve been obtained from e veriety of sources, Including Datastreem Internetionel, local stock exchanges and the FT World Actuaries Index.

The renking of compenies heving the seme cepitalisetion has been determined by reference to their

turnover or, where necessery, their profit.

All figures in the European tables are expressed in dollers, using June averege exchange retes. All figures in the UK table are in sterling.

☐ ACCOUNTS

Consolidated accounts have been used whenever possible. When parent compeny eccounts only heve been reported, these figuree heve been used end ennotated.

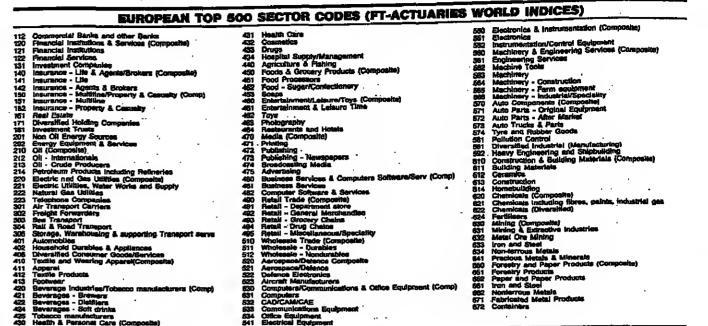
Turnover is shown net of sales taxes and inter-group sales. A ranking besed on the letest yeer'e figure is also given.

Profit is disclosed before tax and minority interest. For the UK companies it is elso before

extraordinery items.
Return on capital employed
(ROCE) is based on capital employed
at the beginning of the financiel year
divided by pre-tax profit plus
interest. For banks, capital employed
shereholders' funds.

☐ UK INVESTMENT TRUSTS

The renkinge of the investment Trust table ere based on merket capitalisation et the end of June 1988. The shareholders' funde figure ie based on the number of sheres In issue end the stated net asset value. This table has been compiled with the assistance of County NetWest/Wood Mackenzie.



	Outility Market	THE TOP 500 EUROPEAN COMPAN		Twoorer per centProfit_	per clost. BOSS produces. Very and
	1 (1) Royal Outsty/Shell Nuk 51.015.0 2 (3) British Telecom Uk 27.655.4 3 (2) British Petroleum Uk 27.016.0		Reading Read		112.9 17.7 12.0 14.619 31.12.87 323.3 -187.4 a - 86.800 31.12.87 168.7 52.3 29.2 11.953 31.12.87 270.2 7.3 15.3 42.700 31.12.87
	6 (4) Dalmier Renz Ger 15, 343.5 (12 Generali (Assicurazioni) Ita 13,568.7 (13 Generali (Assicurazioni) Ita 13,691.3 (13 Generali (Assicurazioni) Ita 13,691.3 (13 Generali (Assicurazioni) Ita 13,681.3 (13 Generali (Assicurazioni) Ita 13,681.3 (13 Generali (Assicurazioni) Ita	401 3 38,401.3 37,276.2 3.0 2,798.9 3,156.9 -11.3 17.0 y326,288 31.12.87	191 (208) Sanofi Fre 1,739.0	433 174 2130.9 2.062.5 3.5 321.1 652 207 1,769.9 1,628.4 67 234.9 221 186 1,944.8 1,867.3 - 116.2	207.4 199.0 23.6 y 18.309 31.12.87 91.7 156.1 32.1 15.240 31.188
	9 (14) British Gas Uk 13,415.6 10 (10) Imperial Chemical Industries Uk 13,137.1 11 (5) Glave Holdings Uk 13,054.9 12 (15) Allay Holdings Gar 12 (19.8	433 130 3 092 4 2 538 2 21.8 1 325 0 1 087 0 21.9 56 3 24 954 30 6 87	196(232) Sandrik Swe 1,695.4	491 54 6,792.2 6,350.7 7.0 182.9	275.2 12.8 25.1 25,144 31.12.87
	16 (17) Bayer			622 149 2,675.7 2,653.0 0.9 160.5 112 - 103.7	97.9 29.1 50.4 y 5.904 31.12.87 188 7 21.7 25.3 10.153 31.12.87
	18 (16) Gertsche Bank Ger 8,814-0 19 (22) Noerbet Ger 8,354-7 20 (25) 8TR Uk 8,274-2 21 (21) Seris Bank Corporation Seri 8,22-3 22 (19) Marks and Sengter Uk 8,221,4	112 631.2 642.5 -1.8 @ 10.9 16,828 31,12.87 491 44 8,130.7 7,497.0 8.5 891.1 767.5 16.1 28.7 68,430 31,3.88	204 (155) SAI	141 83.1	112 9 35.3 - 2.759 31.12.87 169.1 20.3 17.6 62.572 31.7.87
	23 (33) Barclus	622 12 22,900.1 23,032.8 - 1,472.3 1,495.1 - 14.6 y133,759 31,12.87 433 183 2,011.4 1,785.8 12.6 300.4 222.6 35.0 24.4 19,338 29,8.87	208(182) Karthof Ger 1,016.8 209(1239) Mext Uk 1,614.0 Uk 1,614.0 210(276) Bank Leg Uk 1,607.9 211(220) RMC Groop Uk 1,603.9 212(197) Groops Brupeljet Lambert Bel 1,599.2	491 175 2,130,9 337,5 = 217.6 112 50.8	45.6 11.3 a 16.3 y 1,452 31.12.87 192.7 30.9 25.4 20,980 31.12.87
	28 (29) Grand Metropolitan Uk 7,709.1 29 (19) General Electric Uk 7,340.9 30 (28) Obs-Geldy Swi 7,166.4 31 (27) Rocke Group Swi 6,988.7	421 33 10,134.1 9,398.4 7.8 810.1 653.1 24.0 18.9 129.436 30.9.87 541 34 9,863.2 9,319.7 5.8 1,257.5 1,187.2 5.9 19.3 157.262 31.3.88 622 31 10,783.2 10,913.9 -1.2 752.4 794.2 -5.3 7.6 y 85,109 31.12.87 622 78 5,270.5 5,350.8 -1.5 530.5 285.7 15.7 6.7 y 47,428 31,12.87		551 324 704.1 490.2 - 83.1 461 201 1,811.9 1,494.5 21.2 197.3	164.1 20.2 21.5 19,800 03.10.87 242.5 19.8 10.6 y 22,395 31,12.87
	32 (37) Cable & Wireless Uk 6,566.3 33 (45) Petrofins Ber 6,560.2 34 (26) Credit Sulsse Svr 6,324.6 35 (65) Barco de Santander Spa 6,304.0 36 (32) Bershar Groun Uk 6,620.1		218(19) Amer Net 1,561.6 219(27) Pear Group Uk 1,550.6 220(20) Ericson LM Swe 1,546.5 221(227) Hufvudstaden Swe 1,543.3	141 77 5,314.4 5,190.5 2.4 21.6	1829 15.7 11.8 67,177 31.12.87 188 829 12.1 415 31.12.87
		434 44 4 029 3 5 939 4 1 4 1 056 4 1 068 7 -1 2 20 7 78 705 31 12 87	Sec / 1979 Facility Car de Franchillenen Sud 1 A96 A	421 244 1,9651 1,358.3 0.5 123.5 122 - 118.1	83.6 14.5 7.9 18.055 31.12.87 111.9 10.3 18.1 y 14.141 *30.9.87 85.2 38.6 @ 68.9 y 3.473 31.12.87
	42 (37) R 17 Augustation Fra 5,672.3 43 (51) Allied-Lyots Uk 5,570.7 44 (58) Peugeott Fra 5,443.2 45 (34) Prudential Corporation Uk 5,323.4	212 14 21 478 2 20 192 1 - 1 455 5 1 883 0 - 11 5 7 7 3 000 31 12 87 421 48 7 5 24 0 6 42 1.0 17 2 77 4.4 605 7 27 9 16 5 78 128 07 5 88 401 17 19 92 9 0 17 6 9 3 12 6 1 447 5 648 1 123 3 33 1 1 10 0 600 31 12 87 141 - 430 6 366 8 17 4 r - 24 622 31 12 87	227 (268) Ultramer		46.5 1.9 5.2 7 12.930 30.8.88 164.8 -16.6 14.1 16.138 31.12.87 755.3 -4.9 - 4.56.3 31.12.87
	30(111) Banco Central Spa 4,779.3		232(249) Slovegh Estates	261 82 4.805.8 4.940.0 2.7 318.7 318.7 318.3 313 219 1.633.6 768.0 - 258.4	266.3 19.6 10.1 32.733 31.12.87 451.0 -207.8 <- 5.293 31.12.87 91.5 - 10.9 18.223 31.12.87
	54 (40) Munchener Rickversicherungs	422 170 2,234.1 1,884.2 18.6 442.0 382.7 15.5 31.9 y 12.311 311.2.87 152 - 0.0 107.1 94.6 13.2 - 30.6.87 112 - 440.5 1,233.3 64.6 < 13.1 y 76,186 31.12.87		622 57 6,669.8 6,187.5 7.8 131.1 112 - 124 194 1,864.3 2,013.1 - 132.7	240.7 -25.4 29.0 14 231 31.12.87 157.2 -16.6 11.8 y 30,789 30,987 98.2 18.3 @ 13.2 y 9.653 31.3.88 79.7 - 28.5 y 15,000 31.12.87
	56 (42) Bayerische Motoren Werke	401 29 11.074.9 9.98.80 11.1 491.5 573.0 -14.2 12.9 y 62.794 31.12.87 401 21 15.175.4 13.792.7 10.0 1.478.0 1.235.1 19.7 23.8 y 67.857 31.12.87 451 59 6.266.4 5.670.6 10.5 472.4 379.0 24.7 21.1 y 41.285 31.12.87 541 8 26.677.6 27.852.7 -42 519.2 1.024.3 -49.3 6.8 y 336.700 3.12.87 451 108 3.607.5 32.68.80 10.4 312.8 232.1 34.7 27.3 12.620 021.88	242 (-) 8 Me Arrow		188.6 4.0 10.1 43.693 31.12.87 125.6 30.1 44.7 y 8.549 31.12.87 235.2 10.6 15.6 39.385 31.12.87
	61 (147) Midiand Bank	112 = = = 897.0 770.9 -216.4 a = 58.778 31.12.87	246(216) Unigate Uk 1,331.0 247(246) BiCi Uk 1,332.9 248(226) Metal Box Uk 1,330.2 249(266) Rheinelektra Ger 1,327.2	451 100 3.845.5 3.499.1 9.9 167.0 541 88 4.421.0 3.806.4 16.1 227.4 672 172 2.201.2 2.020.8 8.9 167.1 541 352 320.8 319.1 0.5 28.0 566 317 763.7 712.6 7.2 116.7	186.0 -10.2 24.1 34.922 31.3.88 179.4 26.7 25.2 44.400 31.12.87 146.0 14.5 26.3 26.183 51.3.88 32.5 -13.9 9.5 y3.000 50.6.87 100.4 16.2 30.2 11.047 01.8.87
	66 (57) P & 0 Steam Navigation Uk 3,969,1 67 (66) Thomson-CSF Fig. 3,966,6 68 (80) Consolidated Gold Fields Uk 3,926,6 69 (59) Reed International	303 79 5,186.9 3,519.9 47.4 487.9 309.2 57.8 20.7 48,126 31,12.87	251 (256) Isar Amperierke Ger 1,325,7 252 (367) London & Scot Marine Oil Uk 1,321,3 253 (233) Dalgety Uk 1,313,9 254 (295) British Land Uk 1,312,8	. 221 305 869.3 889.8 -2.3 86.8	80.0 8.5 3.3 y 3.395 £ 30.6.87 7.1 800.0 9.1 301 31.12.87 133.2 23.3 24.8 23.966 30.6.87 53.5 87.4 9.4 479 31.3.88 210.5 10.8 < 28.1 13.426 29.2.88
	71 (75) RWE Ger 3,824,3 72 (68) Nationale Nederlande Met 3,799,2 73 (120) Rucal Electronics Uk 3,783,8 74 (76) Parioss Fra 3,778,8	221 20 15,748.6 16,687.3 -5.6 1,465.7 1,299.4 12.8 10.8 68.813 30.6.87 151 - 467.3 432.7 8.0 - 22,691 31,12.87	256 (154) Otxors Group Ulk 1,288.1 257 (34U Delitatze Bel 1,266.2 258 (272) Selete Ulk 1,264.8 259 (337) Accor international Fra 1,264.4	495 185 1,973.5 1,675.7 17.8 182.2 492 87 4,633.7 4,577.0 12 153.2	
	76 (52) Oresdoer Bank Ger 3,724.7 77 (136) Banco de Bilbao Spa 3,70.6 78 (166) Banco de Viczya Spa 3,708.8 79 (43) Volkwagen Ger 3,599.1	112 552.0 593.9 -7.1 @ 15.5 y 38.116 31.12.87 112 440.6 326.5 34.9 @ 43.0 y 18.386 31.12.87 112 313.8 32.94 40.8 @ 42.5 - 31.12.87 401 4 31.093.8 30.046.3 - 664.5 638.9 40.9 9.1 260.458 31.12.87	261 (275) Berisford'S & W Uk 1.231.1 262 (355) Essekte Swe 1.229.4 263 (269) Wimpey (George) Uk 1.227.5 264 (222) Chardestry 1.227.5		263.4 41.0 16.9 9.937 30.9.87 129.1 0.5 19.1 19.026 31.12.87 118.1 44.1 16.0 16.600 31.12.87 191.8 -12.3 16.3 15.437 31.12.87
	80 (107) Jacobs Suchard Swi 3,575.7 81 (60K Oliveti La 3,540.3 82 (93K Trusthouse Forte Lk 3,519.9 83 (151) CGE Fra 3,502.9 84 (127) Norsk Hydro Har 3,481.3	431 94 4,175.2 3,581.4 16.6 286.1 193.6 47.8 18.6 ¥ 16,053 31.12.87	266/278)Suo Life Assurance Society	141 371 212 122 3,213,7 .3,042,8 5,6 94,8	30.9 20.1 r- 2725 31.12.87 113.3 -16.3 17.1 y 3.719 31.12.87 133.6 2.8 25.1 23.077 31.3.88
Second Continue of the Conti	85 (70) Royal Insurance	131 486.7 541.4 -10.1 r - 11.504 31.12.87	271 (245) Associated Newspapers Hidgs Uk 1,78.3 272 (2790) Color Group Uk 1,172.3 273 (2790) Taylor Woodgrow Uk 1,70.5		81 5 28 5 13 9 12 958 30 987
Company	91 (67) Fonduria La	171 376.1 432.6 -13.1 23.5 - 31.12.86 151 111.6 138.4 -19.4 - y 4.604 31.12.87 467 92 4191 3 4.405.5 4.9 436.4 388.5 12.3 20.1 63.065 31.1.88	276 (265) Polist Fra 1.142.0		96.7 29.8 27.3 y 8.525 31.12.87 197.8 -14.0 8.3 y 42.924 31.12.87
Column	96 (64) Swiss Reinsurance Group Swi 3,203.0 97(129) Skanska Swe 3,196.1		281 (-) Navigation Mixte	171 1052	200.4 -49.7 16.8 y 1,126 31.12.87
The content of the	99 (701 4)(h Greep UK 3,159.0 UK 3,159.0 UK 3,169.0 UK 3,169.0 UK 3,163.9 UK	432 114 3,389.0 3,057.6 10.8 297.3 255.4 16.4 27.3 y 26,860 31.12.87	286(323)Tate & Lyle	451 152 3,020.6 2,922.4 3.4 163.4 491 102 3,831.4 3,487.4 9.9 68.9	
Company		473 38 9.136.9 6,594.3 6.3 130.0 91.4 5.3 24.6 (6.91.4 10.1 11.2 6.7 643.1 210.8 65.9 7.4 8,500 51.12.87 161.1 364.7 162.5 103.7 37.5 7.8 801 30.9.87 161 101 3,841.9 3,052.0 125.9 471.4 302.8 55.7 38.0 28,031 31.12.87	291 (292) Willis Faber		85.0 - +10.5 y 25.260 • 30.3.87 132.9 -18.6 55.6 3.936 31.12.87 371.0 -8.8 @ 33.9 y 7,400 31.12.87
The state of the	109 R64 Argyll Group Uk 2,96-1 110 (84) Mediobanca Ita 2,914 6 111 (165) RET Uk 2,914 2 112 (49) Nidorf Computer Ger 2,913 0 113 (151) Response Historia Americana 59a 2,905 3	171 109 3,579 2 2,800.0 27.8 384.4 279.6 37.5 34.3 118.103 02.4.88 531 141 2,885.8 2,542.3 12.6 188.2 175.5 7.2 11.2 y 27,440 31.12.87	294 (226) Werburg S.G. Groop		42.2 20.6 < 6.7 14,326£* 31,12.87 122.5 30.7 @ 76.2 3,648 31,12.87 124.5 77.0 73.8 15,620 30,937
Company Comp	114 (99) Commerchank	411 120 3 217 0 2 849 7 12 0 448 8 284 5 56 4 21 5 20 014 31 12 87	299 (225) Pargesa Holding Seri 1,044.4	533 293 972.5 985.5 -1.3 98.5	100.8 9.9 6 11.8 - 31.12.87 124.0 -20.6 17.8 y 7.550 £ 31.12.87 100.2 32.9 12.1 y 9.214 31.12.87 114.0 17.1 28.8 4.249 03.1.38
Section Sect		461 261 1.187.2 1.275.5 -6.9 370.0 291.5 26.9 26.0 19.544 31.10.87	306(238) Hochtief		162 6 42 7 3 4 20 003 - 31 12 07
Second	125(142(Pearson Uk 2,769.1	171 213 1.691.5 1.692.0 - 299.6 213.1 23.4 23.8 23.20 31.12.87 622 61 6,084.0 3,885.7 3.4 595.4 503.3 18.3 20.7 44,95.7 31.12.87 221 119 3,322.4 3,570.6 -6.9 477.0 431.2 10.6 9.8 y 8,779 31.12.87	310(493) Hafslund	591 351 334.1 395.5 - 24.9	126.5 -3.8 @ 21.1 y 2,425 31.12.87
Second Company	129)119)57C	141 - 121.3 130.6 -7.1 r- 6.158 31.12.87 613 22 15.110.5 18.210.3 -17.0 304.4 432.6 -29.6 6.3 123.400 30.9.87	316(241) Adia	571 211 17353 13128 322 1536 634 47 7,586.0 8,480.3 -10.5 103.1 481 241 1,398.2 1,099.6 27.2 87.1 301 143 2,824.1 2,720.9 3.8 158.8	
1 1 1 1 1 1 1 1 1 1	134107 Akro Nec 2561 6 1351851 berduero Soa 2,518 2 13611.34 Reckill & Coleman Uk 2,494,1 137(219) Union Bank of Ffeland Fin 2,486 8		319 (187) Toro Assicurazionii Ba 993.6 320:193) Costaio Group Uk 990.8 321 (-) FKI Babcock Uk 986.5	151 234 1,491.7 1,313.7 13.5 117.6 563 222 1,605.9 148.4 7 86.3 463 361 199.4 103.5 92.7 86.3	20.0 - +14.9 21.221 # 27.3.09
April Contact Verific Uit 2,575 41,115 1,116 1,1	139(2371Emerprise 011 Uk 2,447.8 140 (-) BAA Uk 2,430 9 14111701Tractool Bel 2,355.3 142(1591Manwell Communications Corp. Uk 2,355.3		324(422) Polly Peck International Uk 967.5 325(258) Derlikon-Buehrie Seri 965.7		76.0 7.3 15.6 v 3.581 6 31 12.87
Section Sect	134 116 Smith & Nephew Associates Uk 2336 2 145 1109 Associated British Foods Uk 2333 7 146 (10b) Coats Vipella Uk 2329 1 147 (112) Floors Uk 2314.6	451 294 47715 38528 138 144.7 156.7 24.3 27.4 14365 021.88 451 96 4,035.5 3,911.2 32 573.7 338.4 10.4 13.5 53,877 024.88 412 123 3,187.9 3,108.3 2.6 378.0 322.7 17.1 25.6 68,485 31,12.87 433 250 1279.0 1,178.9 8.5 193.8 151.2 28.2 29.4 10,413 3,112.87	329(380) Great Portland Estates	121 196.8 112 49.3	
Section Sect	15.1:70s.i Oathmans (startistical)	112 327.5 289.1 13.3 @ 37.1 y 11.682 31.12.87 566 36 9.478.9 9.608 3 -3.4 307.6 253.7 21.2 +6.2 y113,274 31.12.87	334(409) Union Electrica-Fenosa 500 933.9 335(308) 4tsthom Fra 924.4 336(314) Kerle Stee Corons 68 927.7	221 223 1,615.4 1,522.2 5.5 84.0 592 84 4,762.0 4,000.7 - 79.9 493 237 1,467.5 1,355.0 8.5 82.8	73.0 10.3 < 37.2 7 742 • 29.887 4
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17012 Hamistad Uk 2064.8 551 302 909.1 540.1 683 241.0 353.7 80.2 165.2 875 30.6.87 3551408 Arts Europe Uk 890.3 306 308 864.1 661.5 30.6 97.0 680.0 42.6 56.5 2.000 311.2.87	164 11681 Hillsdown Holdings Uk 2 117.2 165 1246 (EBES Bel 2,097.9 166 1188 (Piesey Bel 2,094.9 167 (178) (Swentia Handelsbanken Swe 2,082.8		349(351) Kleinwort Benson Group		
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1913 1914	174(133) 8P8 industries		358 (367) Almani Ger 473.0 359 (387) Almani Bei 872.5 360 (428) Union y el Fenix Essanol Spa 367.4		90.3 - + 17.7 y 6,910 • 31 12.87 54.8 57.6 < 22.9 31.3.87 33.4 13.7 - 31.12.87
18x14.75 Servicine:	179(19)14-ammerson Procesty Uk 1,914-6 179(19)14-ammerson Procesty Uk 1,874-1 180(174)4-amre Bank Ret 1,877-0	161	302.50.31 Abold Net 858.8 363.61 Rauma-Repola Fin 355.4 364.61910 Salvesten (Christian) Uk 850.8 365.62 Bowarter Industries Uk 850.1 366.64650 Coffde Ha 348.3	171	
100 40.0 27.3 7,999 31,12.07	1821179336cenouse	491 180 2,079.2 1,990.4 4.5 215.1 229.5 4.3 23.2 32.400 02.488 112 350.5 327.7 6.9 < 23.8 19.008 30.488 421 116 3,364.8 3,382.8 -0.4 239.8 227.0 5.7 13.4 28,418 31.12.87 521 106 3,657.2 3,200.7 14.3 277.1 213.1 30.0 18.6 42,000 31.12.87	367 (-) Kesko Oy Fin 844.4 368/3291 Moreyan Grenfell Uk 842.8 369/3421 Credin Comm de France Fra 841.9 370/386/ Hepworth Ceramic Holdings Uk 838.7	495 66 5,850.6 5,468.0 7.0 94.2 121 106.7 112 111.1 613 320 737.8 643.7 14.6 106.9	- 109.0 @ 19.7 - 30.6.87 146.0 - 26.9 @ 16.2 7.93 * 31.12.87 109.7 - 1.3 < 19.7 - 31.12.87 72.8 46.8 27.3 7,939 31.12.87



EUROPE FT TOP 500

Additions to the E	uropean	Top 5	00	Departures from the	European
Company	Cntry.	This year	Sector	Company	Catry.
ABB Asea Brown Boveri	Swe/i	- 40	- 541	ASEA:	Swe
LVMH	Era	53	422	Moet-Hennessey	Fre
Societe Generals	Fra	88	112	Britoil	Uk
Suez (Compagnie Financiere da)	Fre	120	112	Brown Boveri & Company	
BAA	Uk ·	: 140	306	Louis Vultton	
Vlag	'Ger	233	591	Norsk Data	Nor
Blue Arrow	Uk	242	481	Holmens Bruk	Swa
Trelleborg	Swe	276	591	Darty	
Navigation Mixte	Fra	282	171	Italcable	
Finenciere Agache	Fra	294	122	Porsche	
KI Babcock	Uk	322	563	Octopus Publishing Company	
Partek	UK	338	613	Banque Cantonele Vaudoise	
Rauma-Repola	Fin		651		
Ceeko Ov	Fin	364		Hill Samuel Group	
Kesko Oy	FIn	368	495	Britannia Arrow Group	
Sampo Insurance Company	Fin	378	151	Contibel Holdings	
Mo och Domsjo	Swe-	395	652	Telemecanique	
ale and Valor	Uk	406	591	FAG Kugelfischer	
Coloroli	Uk .	409	591	Euromerche	
Volters Kluwer	Net	410	474 .	MAI	Uk
-N.U.	Net	432	472	Freemans	Uk
Queens Moat Houses	Uk	433	464	Swedish Malch	Swe
Euroc	Swa	434	611	Altana	Ger
Metsa-Seria	Fln ,	435	452	Oce-van der Grinten	
Cimenterles CBR	Bel	443	611	Interdiscount	
Perstorp	Swe	449	622	Hussel	
Frand Lacs - Cometra	<u>B</u> el	452	212	Massa	
iuhtamaeki	Fin	454	452	Ashley (Laura)	
Dunhill Holdings	<u>U</u> k	456	406	Horten	Ger
Schindler		458	552	Credit Foncier et Immobilier	
leasurama	Swi	461	566 461	Schroders	Uk
oden Group		463		Equity & Law Life Assurance	Uk Uk
bstock Johnsen		465 468	151 611	Daily Mail & General Trust	
Cartiere Burgo	Ita	471	652	Wetes City of London Props Klockner-Humboldt-Deutz	
tockmann		483	493	Boliden	
security Services	Uk	491	406	Dragados y Construcciones	
loesch	Ger	494	633	Morgan Crucible	
Nowiem (John)		496	613	Pireill & Company	
eutsche Babcock	Ger	497	592	Milano (Assicurazioni)	Ita
orbo	Swi	498	406	Tomkins F.H.	
Innish Sugar	Fm	500	451	Brown Boyeri Mannheim	

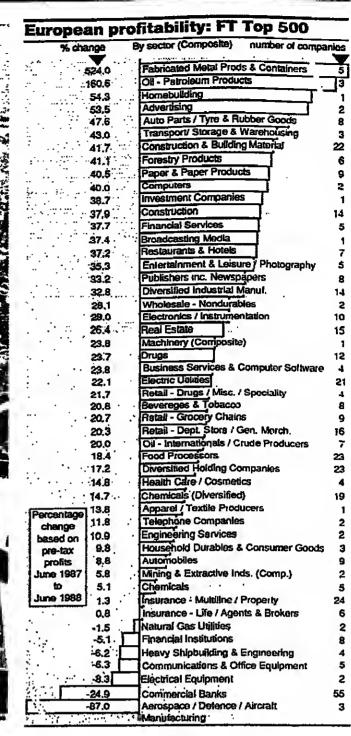
ompany	Catry.	Last	Sector
SEA :	Swe	(90)	541
loet-Hennessey	Fre	(134)	422
ritoil	Uk	(139)	213
rown Boveri & Company	Swl	(198)	541
ouis Vultton	Fre	(252)	422
orsk Data	Nor	(307)	531
olmens Bruk	Sws	(350)	452
arty	Fre	(354)	. 402
lcable	Ita	(382)	223
orsche	Ger	(389)	401
ctopus Publishing Company	Uk	(390)	472
angue Cantonele Vaudoise	Uk	(395)	112
II Samuel Group	Uk	(399)	. 121
ritannia Arrow Group	UK	(414)	122
ontibel Holdings	Uk	(421)	122
elemecanique	Fra	(431)	541
AG Kugelfischer	Ger	(433)	566
romerche	Fra	(434)	493
AI	Uk	(439)	122
eemans	Lik	(449)	491
wedish Malch	Swe	(451)	651
tana	Ger	(452)	433
ce-van der Grinten	Net	(453)	534
terdiscount	Swi	(454)	491
ussel	Ger	(458)	494
2582	Ger	(462)	494
shley (Laura)	Ük	(464)	411
orten	Ger	(469)	491
redit Foncier et Immobilier	Fra	(470)	161
chroders	Uk	(473)	121
uity & Law Life Assurance	Uk	(474)	141
ally Mail & General Trust	Uk	(477)	122
etes City of London Props	Uk	(478)	161
ockner-Humboldt-Deutz	Ger	(479)	568
oliden	Swe	(481)	632
ragados y Construcciones	Spa	(485)	813
organ Crucible	UK	(490)	561
reill & Company	Ita	(492)	122
ilano (Assicurazioni)	Ita	(496)	151
omkins F.H.	Uk	(498)	671
rown Boyeri Mannheim	Ger	(500)	541

secting— SB 1987 company	country	- Mariet Capital Sn	Sector		This year Sea	Last year Son				per cent change	ROCE	employees	Year
71 (357) Associated Br)tish Ports	Fra Fra	836.8 833.3 833.3	303 406 671 652	350 283 257 249	349.4 1,015.1 1,219.3 1,290.2	279.0 1.035.7 1.110.6	25.2	67.7 151.9 92.8	140.8 50.4	463	20.8 21.9 28.0	3,350 12,600 10,336 15,289	31 12 31 12 31 12
75 (348) Baden-Wurttembergische Bank	Ger	824.3 822.3	112	249	1,290.2	1,208.2	_	92.8 89.2 43.6	50 A 73 2 48.7	-10.6		y 2,055	31.12,
76 (392) Londbergf oretagen	Fin	821.8 821.6 819.5	161 151 151 151 151	289	986.2	990.7	Ξ	151.3 16.6 50.0	182.1 9.4 40.7	762	20.3	2,031	31.121 6 31.121
90 (324) Baloise Insurance Group	Dir Swil.	815.3 804.4	· 591	209	1,706.9	990.7 960.9	77.5	1373 22.1	79.4 24.1	72.9	173	6,342 39,566 y 7,742	31.12
81 (450) Atlas Copco 82 (255) Sola 8P 0	Swe Ita	804.2 802.3	566 621 464 563	190 195 278 270	1,889.3 1,863.9	1,697.8 1,855.8 1,017.2	113	161.9 73.9	109 1 92.9	48.4 -18.3 -3.2 15.1	20.0 10.2 10.6 21.0	18,777	31 12 31 12
82 (255) Sola BPO 83 (340) Club Mediterranee 84 (328) Domry Group 85 (480) Ratos	Fra Uk Swe	800.8 797.3 797.8	567 177	270	1,109.8	1,018.7	8.9	57.8 113.9 283.2	59.8 98.9 60.5	13.1	21.0 60.4	16,755 y 7,755 16,617 7,243	31.10.1 31.3.1 31.12.1
86 (413) Preusag 87 (404) Delta Group 88 (495) Mount Charlotte Investments	Ger Uk	795.5 793.6	634 563 464 574	65 297 362	5,931.7 945.4	4,603.3 947.8 115.5	28.9 -0.2 43.8	83.6 114.0	73.8 102.6	11.4	93 293	y 29,669 14,000 4,524 y 67,504	31.12 02.1.0 27.12.0
88(495) Mount Charlotte Investments	Uk Itz Fia	793.6 791.3 784.8 781.4	464 574 592	268	165.8 1,125.5	1.463.1	-23.1	31.3 48.1 86.7	33 1 38.7 159.5	55.6 24.2 -45.6	19.3 6.6 9.9	y 67,504 16,379	* 30.62 31.12
91 (353) Berliner Kraft und Licht	Ger	778.9	· 221	243	1,375.7	1,3720	0.3	114.2 44.8	115.5		3.6 15.4	y 7,248 152	£ 31.128
73 (373) Hachette 14 (-) Mg och Domsjo 15 (360) Landis & Gyr	Fra Swe Swi	775.3 770.6 770.5 770.0	472 651 541	138 260 273	2,902.2 1,194.5 1,093.2	2.484.1 1.213.5 1.081.1	16.8 -1.5 1.1	103.1 166.1 43.4	114.9 97.1 45.4	-1.0 18.0 -10.2 71.0	16.6	y 17,685 6,010 y 15,494	31.12.5
16 (474) Merlin-Gerin 17 (394) Nederlandsche Middenstandsok	Fire Net	769.8 769.1	541 112	218	1,647.8	1,471.5	120	97.8	83.3	17.1 20.3 30.2	19.2 12.8	18,456 11,844	*31.12.8
8(309) Magnet	Uk .	763.6 760.3 760.4	ジ	327	667.1	566_1	17.8	· 28.9	124.5 78.5 - 38.0 71.9	302 -24.0 15.3	23.7	6,604	31.128
01(312) Novo ladustri	Uk- Den	755.2	433	335 ·	552.2 735.1	630.1	27.9	103.7	1180		12.6	3,225 y 5,873	31.12.8 £ 31.12.8
16/338) Rouro della Svizzent Ital	Spa Fin Swi	755.1 597.1 751.5	證	360	238,1 863,6	714.2	10.4 20.9	30.8 58.4 41.0	28.5 44.3 37.9	31.9 8.2	3.8 19.8 12.5	y 1,120 y 3,395 y 1,548	£ 31.12.8
(5 (482) KNP	Net. Uk	747.A	652	262 340	1,184.0 525.4	800.A 229.5	129,1	102.2 61.3	18.7	228.6	31,2	y 7,431	31.12.6
17 (359) Vickers	Uk Uk	7453	591 566 591	240 343 312	1,400.2 457.5 832.6	1,728.8	13.9	111.2 46.4 84.2	95.9 18.3 62.7	153.4	21.0 16.6	6,158 16,731 6,613	31.12.8 31.3.8 • 31.12.8
.01424/16101613 G108P # 1810144 ##################################	Net Uk	731.1	472 495	331	639.8	281.0	5.0	93.6	40.5 31.4	-16.4	38.3	9,478	30,1.5
11 (425) Gevaert Photo-Productes 2 (370) Hazlewood Foods 3 (397) Arjomari 4 (368) Helvetla-Feuer/Unfall	Bel Uk Fra	730.8 730.6 724.4	451 652 152	530 281	641.9	336.1 882.5	91.0	80.0 80.0	33.0 101.2	-16.4 -10.2 -2.2	26.3	6,033 y 4,594 y 4,440	31.12.8
2 (474) AAGLENGISTAR. ************************************	Suri Net	723.6 721.1	161	Ξ	=	=	_=	37.3 35.7	38.2	43	7.9		31,12 8 31,12 8
16 (384) Hambros	Uk Uk Fra	718.3 715.8 715.1	121 611 451	507 282	864.4 1,018.4	743.8 948.5	16.2 7.4	124.0 107.1 95.3	107.9 78.7 86.7	36.2	30.1 27.1 28.8	5,467 6,763 y 6,188	31.3.8 31.12.8 31.12.8
7 (403) Steetley 8 (396) Bongrafin 9 (315) Mountlelph Group	Uk Uk	707.1 706.0	161	353	309.1	296.4	4.5	125.6 66.8	59.7 55.3	110.4 20.3	32.1 48.1	9 090	30.4.8
		700.7 696.4 695.2	611 112 222	284. 242	1,004.8	988.6	17.5	98.0 144.4 82.1	174.2	-17.1 6 48.5	20.0	1 0.876 y 7,119 y 8,853	31.12.8 31.12.8 31.12.8
1 G789 Marley 2313) Nuono Banco Ambrostano 3G333) Italyas 4(412) Cencent-Roadstone Roldings 5410) Charter Consolidates 6(289) Pirelli Internazionale		695.2	611	翌-	1,684.4	865.7 1,430.4	74 A	98.4	55.3 -55.2 75.0	31.3	15.7 14.4	12,369	31.12.8
6(289) Pirelii Internationale 7(471) Rughy Group		692.3 690.1	481 611 512	323	713.9	556.5	28.3	42.8 104.6	38.4 63.0	11.6	243	68,087 3,323	30.6.8 31.12.8 31.12.8
9 (358) Harris Queensway Group	Net Uk Net	684.9 684.1	491 472	323. 188 264 286	1,912.9	1,695.4 1,051.9 878.1	12.8 11.4 13.6	99.2 30.0 86.2	79.8 89.0 65.6	24.3 -66.3 31.4	18.9 11.4 16.5	3,323 9,493 12,320 9,479	*3118 *31128
1. (-) Oueens Moat Houses	Uk. Swe .	681.0 678.5	464	357 271	278.2 1,094.7 1,681.7	179.2	55.2 9.1 17.1	44.0 76.6	26.5 45.4	66.3 68.9 723.0	17.3 13.5	9,202 9,7,700 912,085 9 19,390	- 31.12.8 - 31.12.8
4(444) CFAO	Fig Fra Ger	678.4 674.7 -	652 177 611	216 160 276	1,681.7 2,516.6 1,064.2	1,436.5 2,421.6 1,058.9	3.9 0.3	91.3 98.1 72.4	14.7 110.9 72.7	723.0 -11.6 -0.4	13.5 16.2 5.1	y 12 085 y 19 390 y 5 583	31.12.8 -31.12.8 -31.12.8
6(448) Meyer International	Uk Ita	672.5 668.4	411	252	1.265.5	1.094.7	15.6	112.1 460.4	80.1 106.8	39.8	27.6 27.8	9.163 y 15.200	31.3.8
9(223) Pentland Industries	Bel Uk	664.5	633	266 306 137	1,131.8 865.7 2,951.4	1,188.4 776.3 1,556.0	-4.8 11.5	58.0 120.8 118.6	98.9 137.2 95.7	-41.3 -12.0	977	10,291	29.2.8 31.12.8 31.12.8 31.12.8
0 (302) Dirmez	Bel III	661.2 656.8		290	965.7	824.4	19.4	63.6	39.2	62.4 38.6	8.7		31.12.8
3(420) Sommer-Allbert	Fra Fra	656.0 654.0 653.8	402	267	1,190.8	-	17.0	92.1 39.9 32.9	602 33.3 15.2	53.0 19.6 116.7	201 125 54.7	9,237	£ 31.12.8
6(326) SMH	Sw!	653.6		344 263	1,175.9	206.1 3 1,246.3 643.2	-5.7	61.6	541	9.8	121	y 1,123	31.88 31.88 31.88 31.12.8
9 (352) Jastiur Nerleut	Fra. Uk	653.6 647.5 644.6 643.2 642.8	453	263 325 337 332	1,175.9 694.7 531.6 631.1	471.4 594.0	12.8 6.2	61.6 70.3 64.1 83.5	541 47.4 71.3 82.9	-101	30.5 23.2 + 6.2	10,833	31.3.8
0 (-) Grand Lacs-Cometra	Bel Uk	634.1	212	156	2 557.5	1 973.9	29.6	83.5	43.5	76.7	26.6	7.448	* 31.12.8 27.12.8
2 (-) Huhtamaeki 3 (402) Sofina 4 (-) Duzhili Holdinus	Fia Bel Uk	633.7 631.2 629.7 629.0	371 452 221 406 112	377 318 355	1,052.1 744.1 292.7	981.1 744.5 269.0	7.2 8.8	47.3 25.5 62.5 78.1	34.5 23.8 44.0 77.8	76.7 36.9 7.0 42.2 0.4 g	26.6 18.3 8.5 34.3	y 8,454	£ 31.12.8 31.12.8 31.3.8
(-15) Vereins- und Westbank	Ger Fla	629.0		349 358	350.2 259.5	284.9 205.0	22.9	36 3	31.2	0.4 g 16.2 42.7	14.8	y 4,122	31.12.8
R(499) Greycopt Group	Uk Uk Swi	628.4 627.5 627.0 626.1	613 161 566 112	358 256	259.5 1,229.5	205.0 1,273.5	26.6 -3.4	66.4 30.4 75.7 32.2	46.5 16.2 56.4 117.6	34.5	14.8 37.0 6.9 14.9	706 54 y 21,867 6,352	31.12.8 31.3.8 31.12.8 31.12.8
a comment of the state of the s	Den	. 626.1	112				25.8 34.9	32.2 78.7	75.1	127.4	25.4 24.4	6,352 8,878	31.12.8
3 (-) Codan Group	Uk Den Uk	624.5 624.3 623.0	151	346 247	428.4 1,341.0 537.7	340.7 994.0	20.1	78.7 116.3 47.0	75.1 73.4 45.9 48.2 48.8	4.7 58.6 2.5	-	8,878 15,869 9,790	31.12.6 31.12.6 31.12.6 31.3.8
6(446) APV	Uk · · -	621.8 621.5		336 255	1,249.7	447.8 740.3	11.1	56.0 72.3 63.8	48.8 32.9	16.2 48.0 .	38.8	12.600	* 31.12.8 31.12.8
7(459) Matra	Fra Swe	620.0	112	359 140	2,898.9	2,437.1	19.8	65.2 154.3 68.2 62.0	32.9 56.8 77.6 58.3 61.7	93.7 16.3 98.90 17.1 0.6	12.7	2,690 19,032 2,348	51.128 £ 31.128
9 (-) Cartiere Burgo	ita Fra Uk	616.7 615.6	431	279 329	1,036.5 642.1	887.6 569.1	16.7 12.8	62.0	61.7	45.8	22.8	10,838	31.12.8 31.12.8
2(418) Gotthard Bank	Suel .	612.5 606.4 603.6 600.9	122 112 622 - 571 614	356	289.5	253.7	14.1	94.5 33.5 62.9 73.2 69.6	33.0	16 6 212 543 543	114	1,848 17,685 3,100	31.10.8° € 31.12.8° 02.4.8° 31.12.8°
(427) 8BA Group (441) Barrett Developments	Uk Uk	600.9	571	號:	289.5 1,194.7 768.2		21.6	73.2	72 5.1	343	17.3 18.4 10.3		31.12.8 30.6.8 31.12.8
5 (SBB) Gist-brocades	Net Bei Aus	598.8 597.1 597.1	112	299 204	929.9 1,782.6	1,630.0	9.3	66.7 53.1 16.2 77.3 80,8	73.6 40.2 13.4 69.9 76.3	-9.4 12.0 10.5 5.9	17.0	6,380 y 3,446	· 31 12 8
9 (456) Transport Development Group 0 (497) Coulite Group	Uk Uk	596.6 596.1	302 622	292 272	974.4 1,093.4	964.8 875.5	24,9	77.3 80,8	76.3	10.5 5.9	27.8 20.0 29.6	73,446 13,382 6,847	31.12.8 31.3.8
1 (-) Stockmann 2(430) Allastic Computers	Fin Uk Car	591.9 591.7 586.7	493 482 613 491 221	341 269 365 291	517.4 1,120.3 92.9	460.7 774.6 90.4	123 44.6 2.8	51.3 67.9 23.6	25.4 49.6 18.0 23.9	23.2 36.9 31.2	15.4 21.6 10.6	3,897 1,134 - 460 5,129	31.12.8 31.12.8 £ 30.6.8
3 (445) Allied Colloids Group 4 (4277) BBA Group 4 (4278) BBA Group 5 (441) Barratt Developments 5 (348) Gist-brocades 7 (483) Wagon-Lits 6 (485) Osterreichische Landerbank 9 (456) Tramsport Development Group 1 (497) Coallite Group 2 (450) Allaetle Computers 5 (417) Lahmeyer 5 (417) Lahmeyer 6 (479) Allaetle Computers 6 (477) Lahmeyer 7 (339) Rinascente (La) 8 (447) Westernen 9 (-) Secenity Services 1 (472) Societa Auxiliant Trading 1 (472) Societa Auxiliant Grading 1 (472) Soc	Swi Swi	591.7 586.7 584.0 583.0	491 221	325	92.9 976.1 648.8	90.4 957.3 622.7	2.8 1.9 4.2	25.0	24.6	13	6.5	v 591	* 31.12.87 31.3.80
6 (463) Contiges	jer ta Not	582.8 577.6 576.7	221 491 451 406 303	363 191 199	147.9 1,896.1 1,830.3 593.2 1,687.4	167.4 1,741.6 1,905.8	11.6 -83	28.8 73.2 62.6	25.8 73.4 52.9 22.6 66.4	11.7 -29 18.3 26.3 10.2	73 18.4 153 22.8 21.3	12,996 5,230 35,577	31.12.8 31.12.8 31.12.8
9 (-) Security Services 0 (435) Ocean Transport, & Trading	Jik Uk	576.7 376.4 371.9	406 303	214 ·	593.2 1,687.4	17416 1905.8 550.5 1,468.9	4.0 7.8 14.9	73.2				3,020	30.9.8 31.12.87
1 (472) Societe Auxiliere d'Entreprise	Fra Ser Uk	570.6 570.0	613	131	3,054.0 4,176.4	41953	-23	71.0 44.2 21.5	64.6 39.4 16.6 53.5	9.8	17.6	y 32,552 y 32,800 2,157	31 12 87 31 12 87 31 12 87
(-) Mowiem (John)	ik Ser	569.4 565.7 564.5		239 146	1.408.3 2.747.4	2,923.2	24.7 -6.0	58.4	44.1	29.2 66.8 32.4	37	y 22 130	30.9.87
5 (-) Forto	Swi Swi	564.3 563.7 562.7 562.2		315 304	799.7 887.2	607.4 834.5	31.7 6.3	25.4 23.3 24.2 56.5 44.0	192 202 413	31.9 14.9 41.5	10.8 7.8	7.146 5.746	31 12 87 31 12 87
5 (-) Forton 5 (-) Forton 7 (442) Globis 3 (400) Colonia Versicherung (468) Printennys Groupe) 10000 Flamish Sogar	ier Fra Fra	562.7 562.2 559.7451	491 310 8	151 2.7	2639.9 853.0	2681.1	-1.5 40.6	56.5 44.0	49.6	14.0 9.4 y	21.7 3955 £	7,146 5,716 15,602 11,324 30,11,87	E 31 12 87

FOOTNOTES TO THE EUROPEAN TOP 500 LIST										
ROCE based on shareholders' funds. after charging interest on ions capital out started separately. ROCE based on capital employed at year-and, respectively of the capital employed at year-and, respectively. ROCE based on capital employed at year-and, respectively, r	Carp, name change from Bribbs Printing and Communications Corporation, 1655 58255, employees = 1265 year-end, 496 Albanaca, profit is not of text. 252 Fernod Rovert, ROCE basked on pre-tan-profit and not feet. 252 Fernod Rovert, ROCE basked on pre-tan-profit and not feet. 257 Fernod Rovert, ROCE basked on pre-tan-profit and not interest. 257 Fernod Rovert, ROCE basked on pre-tan-profit and not interest. 257 Fernod Rovert, RoCE basked on pre-tan-profit and not interest. 257 Fernod Rovert, RoCE basked on pre-tan-profit and not interest. 257 Fernod Rovert, Rock and Rovert and Rov	Aris Emrope, figures prepared according to merger-accounting principes; ROCE based on capital employat assuming merger will principles; ROCE based on capital employat assuming merger will a C.B. Branati effective at beginning of year. 385 Baseque Branative Lembert, profit is net of lazz. 257 Accord. 1955 Equation at the second of the control of the control of the second of the								



British Telecom is again among the names at the top





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SARAS has always advanced technologically to process crude oil on behalf of third parties with the highest added value.

With a processing capacity of 18 million metric tons per year (360,000 BSD) and 5 million tons per year of conversion capacity, SARAS refinery can receive crude oil from tankers of up to 260,000 DWT, store into its huge tank farm (4 million cu.mt.) and deliver the entire range of refined products according to customer requirements.



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EUROPE'S TOP 100 BY TURNOVER

TOP 500 EUROPE

EUROPEAN EQUITIES

Interrupted honeymoon

companies that make up the FT Top 500 will not often experience a more traumatic year. Across the spectrum of Euro-

pean bourses, the FT 500 year opened with share prices rac-ing ahead in a seemingly unstoppable bull market. It ended in June with all but the most hard bitten of company executives hugging themselves in the hope that e tentative recovery to the higgest stock market shakeout since 1929 could somehow be sustained.

Between October 8 and December 3, the FT-Actuaries Europe index had first peaked and then bottomed, in e shareprice swoop that took the index down by no less than 32 per cent. The first fissures occured on October 19, and most of the damage had been done within a few days. The shock to the system was awesome, and at the time the future looked bleak.

In a sense, it could beve been worse. Europe's love affair with equities, leading bourse after bourse to wake up to the fact that stock market investment had finally arrived as a tangible component of netional psyche, was still largely at the honeymoon stage. Many markets had been having a tremendous run, growing rapidly from tlny

But during the early months of 1987, the investment spot-light had mostly turned back full-hlast on the bigger interna-tional arenas of New York and Tokyo, with the result that the more actively-managed Enro-pean bourses entered the sec-ond balf of 1987 less overbought than they had seemed

on some earlier occasions.

At the time, though, such thoughts went unheeded. The mood of collective despair reigned until the turn of the year, when the dollar showed its first signs of spirited resist-ence to the selling pressure that had been mostly responsible for triggering the share-price crash in the first place.

From then on, it was a slog with fingers crossed. As inter-est rates across Europe came down, both to support the dollar and to cushion the impact of the crash through looser monetary control, analysts had

TELEPHONE

look for economic growth.

Best bets about Europe, in the immediate aftermath of the crash, suggested a 1.5 per cent decline in European GDP for 1988, and e 10 per cent fall for company profits. But hy the spring, analysts were rapidly redoing their sums, and so

the seeds of recovery were tentatively putting down roots. Suddenly everybody was talking once again about expanding GDP and profits growth. The dollar, which had hit a low against the Dentsche Mark at the end of 1987, was holding up well, and confidence was snrging back through the financial system. Having looked e dead duck before the turn of the year,

began to break out again in all sorts of unlikely places.

In the event, the FT-Actuaries Europe index, excluding the UK, pulled in at the end of June 1988 (the close of the FT 500 year) down 14.7 per cent over the 12 months, some way the light the Ukrall index which behind the World index which thanks mostly to resilience on the part of Jepanese equities, had suffered a more modest 6.2

takeover and merger activity began to break out again in all

per cent setback.
Of the 12 mainland Europe bourse indices covered by the FT Actuaries service, four ended the year higher than they started, with Spain romping home the outright winner at plus 17.9 per cent as measured in local currencies.

Italy was backmarker, down 25.9 per cent. Of the two European heavyweights, France came off best at minus 9.6 per cent; while West Germany, at minus 22.7 per cent, only man-aged to escape the bottom spot courtesy of the deeply troubled Milan share market. Madrid, which had been the

second best performer within mainland Europe during the 1966-87 FT 500 year, still had everything going for it last year. Huge inflows of foreign investment have kept the Spanish economy in top gear, and company profits for calender 1967 rose more than 40 per cent on average, with some sectors — notably property and huilding materials - perform-ing even more impressively.

Biggest profit decreases: Europe Midland Bank Standard Chartered 112 112 -207.8 British Aerospace ... 187 -187.A -144.3 -66.3 -64.6 -62.7 -62.1 -60.8 402 491 112 613 112 652 533 541 592 633 152 451 112 151 112 171 Banco Hispano Americano Lloyds Bank Barclaye Philips . Wartslie Colonia Versicherung ... Berleford S & W Deutsche Bank Rovale Belge . Groupe Bruxelles Lambert .. Morgan Grenfell ... Ollvetti Sedgwick Group ...

the West German market in value, and half that of France,

Madrid is still at the stage where a little investment cash goes a long way. At the other end of the performance tables, Milan would have welcomed

even small investment inflows.

dividend growth kept in step. But equities were cast down by

all sorts of domestic worries: political end devaluation scares, rising inflation and

perhaps most significantly for the stock market — accusa-tions of financial skulduggery.

A number of dubious company restructurings during the year did incalculable harm to Ital-ian shareholder confidence.

Paris, with gallic aplomb

shrugged off a rapid deteriora-tion in the French trade bal-

ances, opting instead to con-centrate on strong company profits – up 15 per cent for

1987 - and takeover mania.

Bid fever had galvanised most of Europe during the FT 500 year, but the Paris bourse

proved its most enduring

breeding ground, and came up with the mammoth LVMH

merger to prove it. The weakness of the dellar

and consequent strength of the

Deutsche Mark kept German equities among the laggards.

Export earnings suffered; com-pany profits fell 7 per cent, having grown by 14 per cent annually since 1982; and there

were a number of infamous

dividend cuts, notably by Sie-

mens, the big Munich-based

electronics group and one of the sharper leading edges of German industrial might.

Italian company profits rose y nearly e fifth in 1987, and

	Сопрелу -	Cntry.	Sector	Rank	% Profi
1	Norsk Hydro	Nor	214	84	3425.9
2	London & Scot Marine Oil		213	252	800.0
3	Metsa-Seria	Fin	652	435	723.0
4	Oerlikon-Buehrle	Swi	521	326	465.1
5	Saint Louis Group	Fra	451	339	384.6
6	Valeo		571	343	321.7
7	Asko Deutsche Kauthaus	Ger	481	296	320.4
8	Partek	Fin .	818	338	241.1
9	Inspectorate international		531	283	239.0
10	Blue Arrow	Uk	- 481	242	234.8
ii	Yele and Valor	Ulk	591	406	228.6
12	-BOC Group	Lik	622	85	- 208.2
13	Senofi		433	191	199.0
14	Smurfit, Jefferson		662	192	156.1
15	Coloroll		591	409	153.4
18	Williams Holdings		. 591	213	149.5
17	British Petroleum	Uk	212	. 3	149.2
18			661	384	142.0
19	Alusuisse	Swi-	671	279	141.2
20	Beazer C.H. Holdings		813	346	132.5
21	Aachener & Munchener B'lig	Ger	151	194	130.5
22	Roseheugh	Uk	161	351	129.2
23	Copenhagen Handelsbank	Den	112	482	127.4
24	Peugeot	Fra	401	44	123.3
25	Consolidated Gold Fields	Uk	631	. 68	120.4

Biggest profit increases: Europe

The European food and drink sector

Shopping selectively

BRITAIN is home to 13 of the increasing "push" from such top 20 European-based food companies as Anglo-Dutch Unicompanies, and yet their laver. Nestle and Jacobs apparent pre-eminence owes Suchard of Switzerland and US apparent pre-eminence owes remarkably little to actual cross-Channel interests.

Excluding Unilever, because of its Dutch mucle, only about 5 per cent of the UK food industry's profits last year came from the Continent. Indeed, several among the leading group, such as Northern Foods and Unignte, have only minor or no interests at all across the Channel.

Excluding Nestlé, to keep the balance about right, most continental food makers have even smaller interests in comtries other than their home base. The recent purchase of the HP sance business by France's BSN was probably the biggest (and certainly the most eccentric) Community-based incursion in the former glass-maker's history.

All of this might be expected

to change gradually under the influence of forces such as the concentration of retailer power, which has contributed so much to the development of large food manufacturing concerns in the UK and their subsegnant search for further growth overseas.

The situation can now be expected to alter much more quickly, thanks to the "pull" exerted by the prospect of the completion of the internal European market and the multinationals General Foods, General Mills, CPC, Kellogg and Nabisco.

and Nahisco.

This group has spent many years - getting on for a century in some cases - broadening its geographic spread and atrengthening its hold on branded foods, the sector where margins are fattest and the presents for accommiss of the prospects for economies of

scale are greatest. This process has advanced to the stage where certain key markets are dominated by one or two companies. Unilever, for example, controls 60 per cent of the EC margarine market. Nestlé and General Foods rule in instant coffee. While British brewers seem mesmerised by the apparently impenetrable West German beer market, Heineken, Carlsberg and Kro-nenbourg have hullt massive

shares in six EC states.

Would-be competitors, trying to build themselves up, find life increasingly difficult. A recent report by stockbrokers Phillips and Drew catalogued the travails of Saint Louis of France, which said two years ago that it aimed to become France's second largest food group after BSN. It was feeling confident, having recently taken over the Lesieur edible oils business. However, after a raid on Saint Louis by Ferruzzi in 1987, the company was

forced to dispose of its oil The recent failure by Saint Louis against Nestlé to take over Buitoni reinforces the companies should find it diffi-cult to compete against well-es-

tablished European food leaders," P&D concluded.
But it is easy to be diverted by such setbacks and the scale of deals like the North of deals like the Nestle swoop on Rowntres. BSN, for example, has become a major Euro-pean group by a combination of astute bids and joint venof Belgium has both broadened the franchise of its transcontinental Kronenbourg beer brand and given it a further Pils label to spread through its

distribution network.
Selectively picking off small pasta, mineral water, beer and biscuit companies, with a dis-tinct bias towards southern European markets — where demand for branded grocery is growing at more than 5 per cent e year - has made BSN a real force in areas far beyond its original food base in the French dairy products trade.
For the established European operators acquisition pol-

icy seems likely to follow a similar selective pattern. Pur-chases will be intended to increase the bidders' strength in established markets either adding complementary products or distribution strength - rather than simply piling on corporate bulk. Outsiders such as Goodman Fielder of Australia, which

recently gave up the ghost on its protrected haunting of Britain's RHM, may not be so choosy. They are under pres-sure, whether real or imagined, to establish themselves in the world's second largest trading bloc before the shutters go up. Much is made of the difficulties of acquiring destrainte food-companies in EC member states outside Britsin, but they have proved of little concern to the UK drinks giants Grand Metropolitan, Guinness and Allied-Lyons, which have forged a most comprehensive network of joint ventures across Europe to speed and

and squeeze the competition.

The fears of smaller players
are illustrated by the tenacity
of Pernod Ricard's attempts to take control of Irish Distillers. Without a broader product portfolio, its strengths in anis could threaten to confine it to a shrinking niche.

Christopher Parkes

A-Z LIST OF THE EUROPEAN TOP 500

Sm Cotry Sector Year and 212 212 171 Royal Dutch/Shell British Petroleum 84 885 G Nuk 31.12.87 \$1.12.87 \$1.12.87 48,984.0 Uk 38,401.3 Ger 31,093.8 Ger 81.12.87 31.12.87 Dalmier Benz. Volkswagen ... 29,459.8 Ha 31.12.87 29,396.1 Nuk 29,270.8 Ger 31.12.87 28,251.6 Ger 26,677.6 Net 25,913.0 Uk 24,877.7 Fra 24,106.3 Swi 81.12.87 31.12.87 31.12.87 171 23,034.9 Ger 171 31.12.87 622 221 221 31.12.87 22,900.1 Ger 22,892.0 Fra 21,496.4 Fra 212 31.12.87 21,032.4 Ger 20,189.2 Uk 18,929.0 Fra 19,756.7 Uk 18,090,8 Uk 221 401 633 304 212 15,748.6 Ger 15,175.4 Swe 15,110.6 Ger 14,903.1 Ger 14,687.3 Fra 31.12.87 30.09.87 14,474.9 Swet 1 541 14,434.8 Ger 551 13,527.1 Spa 171 13,304.4 Fra 611 13,079.9 Uk 222 81.12.87 31,12.87 31.12.87 35 37 38 39 40 31,12,87 12.307.3 Aus 171 11,868.6 Uk 11,538.5 Bel 11,534.3 Ger 11,318.9 Fra 31.12.87 81.12.57 31.12.87 11,074.9 Ger (42) (55) (39) (41) (40) 11,080.1 Swe 10,783.2 Swi 10,570.7 Its 10,149.8 Fra 81.12.87 421 541 401 401 493 10,134.1 Uk 9,863.2 Uk (51) (52) (57) (45) (63) Grand Metropolitan 31.03.88 9,781.7 Ger 9,684.7 Ger 9,529.8 Fra 81.12.87 566 401 171 81,12,57 9,478.9 Ger 9,255.8 Uk . 9,164.2 Bel 9,136.9 Uk 8,932.9 Fra 493 171 81,12,87 8,896.3 Uk 8,801.6 Nor 8,534.0 Nor 30.06.87 Norsk Hydro 214 8,519.7 Ger 8,510.7 Uk. 30.06.87 19.03.88 31.08.88 (73) (68) (68) (68) (68) (68) 8.130.7 Uk 491 304 8,030.3 Fra 8,028.0 Ger 7,915.8 Fra 7,859.9 Net 31,12,87 31.12.87 31.12.87 31.12.87 681 674 622 Altzo ... (54) (65) (68) (38) (47) 7,818.3 Ger 7,794.0 Uk 7,713.3 Swi 7,653.0 Net \$1.12.87 28.03.88 31.12.87 31.12.87 212 631 493 222 Migros . 7,586.0 Ger 7,524.0 Gk 7,389.8 Uk 7,816.3 Uk 7,310.8 Uk 634 421 591 493 633 30.09.87 07.03.88 Tesco Stores (Holdings) . British Steel 81, 12,87 7,238.0 Uk 7,095.8 Fra 7,023.4 Uk 6,977.3 Fra 6,903.8 Uk 31,12,87 31,12,87 Gaz de France Sasichi & Sasichi 475 451 171 31.12.87 6,792.2 Ger 6,791.1 Swe 6,763.0 Fin 6,733.2 UK 6,671.4 UK 491 31.12.87 401 31.12.87 214 31.12.87 406 30.03.88 301 31.03.88 Post Office ... British Airways 8,669.8 Ger 6,646.7 Uk 6,635.9 Ger 6,573.7 Ger 6,327.6 Fra 822 212 561 31.12.87 31.12.87 Deutsche Lufthenes BSN Groupe Sandoz Solvay et Cle Argyll Group 8,297.4 Ger 6,266.4 Fra 8,142.0 Swi 6,084.0 Bel 6,056.7 Uk 301 81.12.87 451 31.12.87 433 31.12.87 622 31.12.87 483 02.04.88 91 92 93 94 95 (-) 02.04.88 Thomson-CSF RTZ Corporation 6,023.3 Uk 5,931.7 Ger 5,900.5 Ger 5,893.9 Ger



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Harmonisation is likely to encourage pan-European alliances and deals

The UK leads in the M&A game

SUDDENLY 1992, when the far enough to allow any earlier concept of a unified Europe comparisons to be made. will take a big step forward through the abolition of inter-nal trade barriers, is at the forefront of industrial think-

ing.
To some extent, this may be due to a substantial promotional campaign - not least, by governments themselves and it is true that many players remain sceptical that the desired objectives will be per-fected by 1992 itself.

Nevertheless, the overall move towards harmonisation and reduced restrictions, does appear to be encouraging a general, if cautious, trend towards pan-European alli-ances and deals. It is certainly a development

that the European-based mer-chant banking community appears happy to foster. At a time when stock markets are still depressed and, in the wake of the 1987 crash, wary of cor-porate funding, any opportuni-ties to sustain the deal flow are

The extent to which takeover activity throughout Europe has blossomed in the past 12 months is difficult to gauge. Accountants Peat Marwick McLintock recently published some estimated figures for cross-border activity - one of the first attempts to mea-sure the extent of the takeover business worldwide - but their database does not go back

LVMH

Rivals

reach a

truce

SHARES

Moët-Hennessy Louis Vuitton (LVMH) have sparkled on the Parls bourse this year, propel-ling France's leading cham-

With a market value of

nearly FFr36bn, LVMH (53rd in

the Top 500) has overtaken, in terms of capitalisation, major French industrial and financial

groups like the Elf-Aquitaine

oil company, the Pengeot-Ci-

troen car group or Société Gén-

erale, the country's largest pri-vatised bank currently in the

ury goods company, but also

the major struggle for control of the group barely a year after the merger of the Most-Hen-

nessy champagne and cognac company with the Louis Vuit-ton laxury luggage concern. For most of the summer, the battle for control of LVMH

dominated French husiness

beadlines. And although the

various parties in the contest finally reached a compromise this autumn, the agreement is

widely regarded as a tempo-

rary truce. When Moet-Hennessy and

Louis Vuitton merged last year, the deal was applauded as a marriage of reason and

talent between two of the lead-

ing companies of French corporate high society. But soon

divisions emerged between the Moet-Hennessy camp, led by Mr Alain Chevalier, the LVMH

chairman, and Mr Henry Raca-mier, the veteran head of the Louis Vuitton camp. At the same time, the group became increasingly concerned over the possible threat of a hostile bid, and was anxious to rein-

tion league.

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Anna Santa Carees

Nevertheless, the figures - which attempt to encompass deals by both private and public companies - are instruc-tive. They suggest that the UK, with its larger and more sophisticated equity market, is by far the largest M&A player in the European Community, with France taking second place, followed by Italy and

Germany. In the year to end-June, Peat Marwick suggests, the EC saw \$21.2bn of corporate sales, and made \$44.8m-worth of purchases. Within the EC figure, sales by UK companies totalled \$13.5bn, while purchases ran to \$34bn. France recorded \$3.7bn and \$5.25bn respectively. Italy £856m and \$2.74bn, and Ger-

many \$384m and \$1.18bn.
These figures, it should be stressed, refer only to cross-border transactions; so, in the case of the UK, for example, giant transatlantic takeovers are incorporated, but the likes of the £2.5bn bid by BP for Britoil are excluded.

Nor do the statistics spell out the extent to which deals reflect cross-border activity within Europe, as opposed to activity between Europe and the rest of the world. Very broadly, however, the accountants estimate that at least 50 per cent of both sales and pur-chases may fall into the former

What does become clear from the figures is that the "mega-bid", beloved of head-line-writers, is the rarity. Peat Marwick calculates that "middle market purchases" by EC companies - those where the price was under \$100m -

accounted for a hefty \$9.3hn. In terms of numbers of deals struck, the middle market's role looks even more impressive: these relatively small transactions took in 535 cross-border purchases by European companies and 221 sales - 87 per cent and 85 per cent of the respective totals. Measurement of activity by

industry throws up less conclusive results. The accountants suggest that purchases have centred on business services (12.2 per cent of the total value of purchases), building prod-ucts (11.9 per cent), food and drink (8.9 per cent), electrical products and chemicals (both with just over 7 per cent). In terms of sales, again by value, the leading sectors are food and drink (38.1 per cent, clearly boosted by the Rowntree bid, but still the largest

area once this is excluded):

banking 9.9 per cent; insurance

and business services (both around 7.5 per cent). The UK corporate sector's lead in merger and acquisition activity is scarcely surprising. given its relatively developed market structure. But the extent and pace at which other

European countries open up - and whether, indeed, they wish to follow the UK pattern - is an extremely topical, if very most, point. Certainly, there is a wide dis-

crepancy between permissible/ feasible bid activity in different European countries. In West Germany, for example, contested takeovers are virtually unheard of, and there is little regulatory structure to cover them. Moreover, disclosurs requirements are very limited: under the Stock Corporation Act, anyone acquiring over more than 25 per cent of the shares, must inform the com-

pany without undoe delay.
In Spain, by contrast, anyone proposing to hold a total of at least 25 per cent in a quoted company, is deemed to be mak-ing a public offer for the acquisition of securities, and is required to notify the relevant stock exchange (Spain has four). There is provision for partial offers, but an offer must extend to all securities if its involvement would allow it to

alter its target's corporate by-laws at a general meeting. Such wide discrepancies sug-gest that the formation of a "common" comprehensive takeover code for the Community may be some way off. At present, the general feeling - certainly within the UK seems to be that a minimalist code will emerge at the outset. also well exemplified by Pearon to which more sophisticated son, owners of the Financial

ramifications can be tacked at later dates. In the meantime, individual countries would be able to operate stricter regulations tailored to their own mar-

The list of companies that have recently seen bid plans delayed – and in some cases, jeopardised – by the complexi-ties of national regulation is lengtby. One particularly ironic example is the Nestle bid for Rowntree, which, hav-ing avoided any reference the UK Monopolies and Mergers Commission, has fallen subject-to a probe by the French

The other key point that is lost in the Peat Marwick figures is the extent to which European link-ups are moving forward via alliances. Joint vectures and cross-sharehold-ings have long been a familiar pattern oo the Continent. In the UK, by contrast, they teod to engender a greater degree of institutional suspicion, and the relatively open equity market has tended to promote the cult

of the full takeover. Yet a number of bid experts seem to feel that this may be a promising route forward - at least, as a lengthy courtship which, only after a number of years, might ultimately end in marriage. It is certainly a route taken by a number of finan-cial/insurance companies, and

Times, in the publishing world. The extent to which such links - especially where stakes are restricted to minority interests - really show through in industrial advantage is a much-disputed sub-ject. Certainly, such alliances can appear to offer as many defensive benefits as progres-sive ones. Nevertheless, it seems clear that, as 1992 approaches, the European M&A scene will see all manner of variants, and that the full takeover hid may account for only part of the activity.

Ericsson: down from 205 to 220

Back to the core

group is roughly back where it was in 1980. Its subsequent ill-starred venture into the personal computer business caused profits to nose-dive, has prompted job-cuts, and in the past several key divestments, while leaving investors disenchanted with the slow recov-

recovery came in mid-1988, and Ericason vows to concentrate in future on its core telecom business (where it has built up a reputation for technical expertise and competitive products), and the mobile telephone systems business which it believes . will prove increasingly important

Ericsson proved very suc-cessful with its AXE digital telephone switch technology in the late 1970s, but then decided to enter the computer systems business, setting np Ericsson Information Systems (EIS). The division, which grew to account for about one third of

group sales, notched up heavy operating losses between 1984 and 1986 after the personal computer market took a plunge. Since 1985, Ericsson's rank-

ing in the FT 500 has slipped from 78 to 171 in 1986, 205 in 1987, and 220 in 1988. But with the company's recent turn-around, the future looks much brighter, and analysts are optimistic about prospects for 1989 and 1990.

and 1990.

Ericsson took far longer than expected to sort out the black sheep of the group, though it has now reduced sales by two-thirds to about SKr3.6hn

through divestments.

In October last year, it sold off EIS's office equipment division (which makes typewriters and printers) to Design Funktion of Norway, a small office furnitum manufacturers. furniture manufacturer.
Three months later Nokia,

tronics group, took the Data Systems division (a significant part of EIS which makes termi-

The remaining part of EIS, renamed Business Communicacent of the market for large subscriber exchanges. The group recently signed an agreement to start making the MD110 in China, which is seen

have also been cleaned out in the last year. The cables divi-sion sold off most of its US

Finnish electronic components and industrial antomation company, and is now focusing its attention on micro-circuits and power supply.

The most exciting area, and

the one where Ericsson is pin-ning its hopes for the future, is mobile telephone systems. It sees this as the fastest growing business area and one which will assume increasing impor-

for mobile telephone systems, ahead of AT&T and Motorola. It has been helped by its domi-

communications division, which bas now sold 21m lines and has customers for its AXE system in 70 countries around the world. It accounts for over one third of group sales and is one of the most profitable

names in the sector, In the last year and a half, Ericsson has manoenvred to strengthen its position in Europe. Together with Matra of France, it won a closely-contested battle to acquire CGCT, which gives it a 16 per cent share of the French market for digital telephone exchanges. It has also taken full control

of Intelsa, the Spanish telecommunication equipment sup-plier, and of its former joint venture with Thorn EMI in the UK. And its eyes are turned to the West German market. which will soon be opened up to outside competition. However, its stated ambition

to become the third major sup-plier in the US, after AT&T and Northern Telecom, and to win 5-10 per cent of the market, is still to be achieved. Ericsson invested beavily in

the US market, and has won small local exchange contracts from some of the Bell operating companies, but the exten-sion and replacement of old analogue exchanges is proceedthan expected. Sodecom (a company effec-tively controlled by Suez, and ing more slowly than expected.

poison pill

which is now the majo vehicle

for the French investment

La Générale: up from 143 to 47

Fattened by a

THE DRAMATIC leap up the

league table by Belgium's larg-

attack.
The first rumours of a mystery huyer of La Genérale stock (almost certainly not Mr

De Benedetti) started swirling

round the Brussels bourse in June 1987. That summer's spec-

ulation was effectively damp-eoed when 1.5m osw shares

were issued to two friendly institutional investors, Artois

Piedboeuf and Groupe Lazard; and an extraordinary general

increase in the group's author-

designed partly to finance the

up the tab were only too glad to offload their stock to buyers

now known to have included the De Benedetti camp. Mr De Benedetti was able to

use this platform as the basis

for his dramatic mid-January offer, when he revealed that through his Paris-based finan-

cial boiding company Cerus be had already built up an 18.6 per cent stake.

The extraordinary six-month

battle will long be remembered for the many twists of tactica and fortune – not least Cerus' desperate attempt to win over the uncommitted by raising its

offer to BFr8,000 per share in

late February - but by the end of June the shares were trad-

ing at a price (around BFr4,300)

not unadjacent to the packed levels of 12 months previously.

An uneasy, but ultimately

inevitable, peace had by this stage broken out between the

two warring factions - the

Franco-Belgian alliance led by the French investment bank

Compagnie Financière de Suez, which controlled some 52 per cent of the group, and Mr De Benedetti and his followers

who were unable to increase their total much beyond 45 per

The most important change has been the buge increase in

La Générale's share capital

from 24m shares before the skirmishes to 42.7m today -

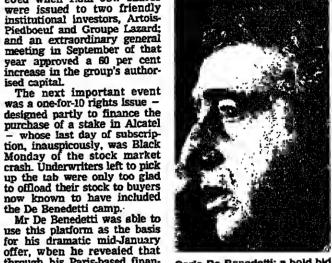
brought about largely by the controversial "poison pill" issue of 12m new shares to

est and most powerful holding est and most powerful holding company Société Générale de Belgique – from 143rd position to 47th – can be attributed largely to one man: the Italian With only about 1.5 per cent of the total, or 600,000 shares, still thought to be in "indepenbusinessman Mr Carlo De Benedetti.

His bold takeover hld this year – and earlier expecta-tions of it – not only powered deot" bands, trading on the bourse has been at a low ebb since June. That situation, however, is likely to change in the New Year, when Suez and its allies are expected to dis-close details of plans already the company's share price to new highs, but encouraged the group's management to issue large chunks of new capital in an ultimately successful effort to bead off his unwelcome hinted at to sell a significant part of its stake back to stock market investors. Neither the size of such a placing nor the

> Such an operation is unlikely to be undertaken until the new management, under ex-Midiand Bank director Mr Herve De Carmoy, has fully

exact timing are yet known.



Carlo De Banedetti: a bold bid

refined its strategy for reorganising La Generale's rich but still ungainly portfolio of industrial and commercial assets (stakes in everything from banking, cement manufacture and non-ferrous metals to diamond trading, chemicals and armaments manufacture).

The board has so far been coy about speiling out its plans, but the sale of its 50 per cent stake in London-based investment baokers Diilon Read is seen as a sign that it iotends to concentrate its financial activities through Générale de Banque,

The announcement of the possible purchase of the stake of minority sharebolders in Vielle-Montagne, the Belgian zinc producer, is seen as the possible preinde to changes at La Générale's 100 per cent owned non-ferrous metals subsidiary Union Minière.

And the expansion plans and "poison pill" defence, recently announced at the separately qnoted CBR, are clear evidence that the cement company is to remain a key part of the par-ent's future strategy.

Tim Dickson

pagne, cognac, perfume and luxury products to the top of the French market capitalisa-

Mr Alain Chevaller: chairman of the new executive board

force its capital structure. pects of France's biggest lux- ion house, with a major opportunity to build up a strategic position in France's leading huxury business.

> speed, Mr Arnault, in partner-ship with Guinness, the UK drinks group, acquired a major stake in LVMH, making him the single largest shareholder in the company with 33.4 per cent, which will increase to 37 per cent on full dilution. This has now given Mr Arnault and Guinness a blocking minority of the votes in the company. However, the deal has also seen LVMH become, with 12 per cent, the single largest shareholder in Guinness.

Mr Arnault has also expressed his full confidence in Mr Che-

With remarkable skill and

To accommodate its major new shareholders, LVMH has changed its management struc-ture by setting up a new supervisory board and a separate executive management board. Although Mr Chevalier has remained chairman of the new executive board, Mr Arnault is expected to make his voice heard increasingly in tha affairs of the luxury group. But

months of last year, the com-pany recently reported. For the full year, LVMH expects to report a net profit increase of more than 30 per cent over the

and Guinness in this field.

by 22 per cent. However, earnings in champagna were 12 per cent lower, reflecting the rise in champagne grape prices in 1984 and 1985. But LVMH, with its Moet Chandon and Veuve Clicquot brands, expects cham-pagne earnings to improve dur-ing the last part of this year.

ERICSSON of Sweden may be forced to dwell on the words of the Red Queen in Through the Looking glass: it takes all the running you can do just to stand still. The telecommunications In fact, the long-awaited valler's management abilities. Consolidated net earnings in



group's net earnings of. In the first half of this year, the earnings of the its cognac and spirits operations rose by .75.5. per. cent, through strong. demand and the joint distribu-tion venture between LVMH

The luggage and accessories luxury business saw earnings rise by nsarly 69 per cent, while profits in the perfume business in the first half rose

nals, personal computers, mini-computers and hanking systems) off Ericsson's hands in a deal worth SKrl.34bn.

tions, will now concentrate on office exchanges. Ericsson's MD110, an AXE-based exchange, has about 10 per as an interesting new market. Two other business areas

operations to Alcatel of France and BICC of the UK: the US side was showing weak results, due to a decline in demand and over-capacity.
Meanwhile, Ericsson's components division sold its capac-itor operation to Finvest, the

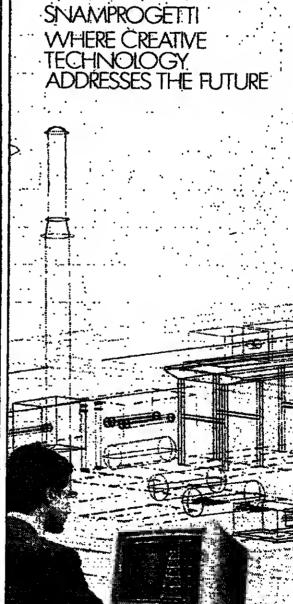
tance in the group.

Already, Ericsson has about 40 per cent of the world market

nant position in the Nordic region (which developed early in this field) and expects to reap rewards from the develop-ment of the pan-European digi-tal mobile telephone system in the early 1990s. Its recent acquisition of

Radiosystem, a Swedish maker of mobile telephone components, was calculated to double Ericsson's share in supplying radio base stations.

For the present, though, the mainstay of Ericsson's operations is the public tele-



SNAMPROGETTI, the international engineering contrac-tor and technology company of the ENI Group, is working worldwide on the development, design and construction of industrial facilities and associated infrastructure which include pipelines and plants for offshore processing, refin-ing, gas treatment, fertilizers, chemicals, metallurgical processing and waste treatment. With a background of more than thirty years of professional experience, SNAMPRO-GETTI is able to after its clients highly qualified services and support covering a range from individual packages of integrated services up ta camplete "turn-key" projects.
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cal and economic feasibility studies, conceptual design, project financing amange-ments, commercial and technicol management, basic and detailed engineering, risk analysis, procurement, quality assurance, construction, training of skilled workers and plant aperators, plant start-up and aperations, product marketing assistance.



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Tom Burns surveys the new-look Spanish banking sector

Never have so few changed so much

IN THE third quarter of this more exactly, to the Big Two, year, Spaniards came across a plus three others.

In the condermal of Spanish banking have preferred to find allies who could tactically secure their flanks.

Crédit du Nord Belge and in Bankhaus Central Credit.

While Mr Sancbez Asiain and Mr Conde chose the path dispano has already some high streets which replaced fought off a bid by Bilbao'a two long-familiar logos. Next chairman for control of year they will gain another one and lose a further two.

Never in Spanish banking on Vizcaya, and by January he

have so few people changed so much for so many. On October 1, Banco de Bilbao, ranked fourth in Spain in deposit terms, formalised its merger with the sixth-ranked Banco de Vizcaya, and the Banco de Bilbao-Vizcaya (BBV) came into being. A fortnight later the shareholders of the two biggest single banks, Banco Central and Banco Espanol de Credito (Banesto), agreed on a union that next year will have Banco Espanol Central de Credito (BECC) embiazoned on every

high street corner.

Two men, above all, changed the face of Spanish banking:
Mr Jose Angel Sanchez Aslain, Bilbao's Chairman, and Mr Mario Conde of Banesto. They brought about their "one and for Spanish banks far too small fisher, took 5 per cent of the one makes one" revolution within a year, the so-called Big Seven of Spanish banking was Seven of Spanish banking was But others who are also contrireduced to the Big Five or, buting significantly to the tander stock and 50 per cent in

was able to announce that he had reached a merger agreement with the rival Basque bank. Mr Conde's response was

just as swift. By March he had revealed the outline of his

planned union with Banco Cen-

The future BECC will control close on 20 per cent of the domestic credit market and in European terms the new bank ought to ranked around No 24. Mr Sanchez Asiain and Mr Conde evidently prefer to view the challenge of 1992 from battlements that are solidly built on a sound economy of scale. Mr Sanchez Asiain in particular has for years been saying that the "Big Seven" descrip-

Mr Emilio Botin, chairman

of Banco de Santander, a retail bank that is now ranked fourth in Spain, is a leading member of the second group. Last year Banco de Santander paid Bank of America some DM150m for its West German subsidiary, Bankhaus Centrale Credit; in May this year Santander pur-chased the Belgian subsidiary of France's Oredit du Nord, Credit du Nord Belgica, and two months later it exchanged 30 per cent of Banca Jover, a Barcelona bank that it owns,

for a 30 per cent stake in Isti-tuto Bancario Italiano (IBI), the 12th-ranked Italian bank. The keynote development in Mr Both's strategy came with a complex, cross-border alli-ance announced in October between Santander and the Royal Bank of Scotland, Banco

of building potentially strong national institutions, Mr Botin has elected to join forces with other medium and small-sized

European banks. Taking the first route, given the participa-tion of Spanish banks in industry, both BBV and the future BECC will wield considerable clout in areas such as the utilities and in the construction Like Mr Botin — a pioneer in his own right for he was the first Spanish banker to float

small portions of stock in New York, London and Frankfurt -Mr Claudio Boads, chairman of Banco Hispano Americano, the third-ranked Spanish bank, is determined to build up EC

In Angust Hispano pur-chased 75 per cent of Continen-tal Bank, the Belgian subsidlary of Continental Illinois National Bank of Chicago, and signed a protocol agreement to develop close co-operation with Bacob, Belgium's second largexperience in Euro link-ups for under a share swap agreement Hispano and West Germany's Commerzbank own 10 per cent of each other's stock. Both are also members of Europartners, together with Banco di Roma and Credit Lyonnais.

Hispano'a Belgian move came in the wake of a threeyear restructuring programme that involved major allocations for raising reserves and for providing for pension funds and country loan risks. With first-half profits of Pta 15.7bn, an 82 per cent rise over the same period last year, Hispano's turnaround appeared to be well on target.

The Hispano results looked exceptionally good but so do those of the Spanish banking sector as a whole. The average profits of Spanish banks in what is clearly a watershed period rose by 45 per cent in the first half of this year. Last year profits were up by 33 per

The equity markets: Martin Dickson considers the effect of the crash on the list

A time for food, drink and leisure

THIS YEAR's rankings in the UK FT Top 500 table are, inevitably, heavily influenced by the most dramatic event in the world equity markets this decade at the worst performing sections between these dates were an market's laggards. The worst performing sections between these dates were an market's laggards. The pharmace and overseas traders market capitalisation. The weakness of prices over the period that oil shares were an market's laggards. The pharmace and overseas traders market capitalisation. decade - the great crash of October 1987.

For, in the wake of that vertiginous plunge in the markets, investors adopted very different stances to the various sectors, and to individual companies. Some of the companies that had been the most glamor-ous in the City before the crash acquisition-hungry, and issuing lots of paper to feed this appetite - went out of fashion overnight.

As for the various sectors, traditional bear-market holtholes became instantly appealing (or, at any rate, less unappealing than other equity investments).

On the assumption that,

even in a slump, people would have to eat and drink, the hrewing and food manufacturing sectors were suddenly in favour. Thus, looking at the various constituents of the FT Actuaries indices, we find that between June 30 1987 and June 30 1988 - the date to which the latest FT 500 rankings relate the food manufacturing index fell by just 4.6 per cent and brewers and distillers by 6.3 per cent. This performance was bettered only by leisure (down 2.7 per cent) and mining

agencies (down 30.4 per cent) and other financiels (down 27.7), reflecting both the impect of the crash on the financial services industry and the perceived dangers in such an uncertain climate of investan uncertain chinate of investing in businesses where the
assets were human, and
walked out of the huilding at
night, rather than in more
fixed and salable form.

Tha general equity market indices recorded large losses between June 1967 and 1988. That month last year saw the FT-SE 100 index moving rapidly up past 2300 and on to its all-time peak, reached in mid-July, of well over 2400. It was still close to that level when the crash came in October, sending the index plunging to under 1600. Since the start of 1988, it has shown no particu-lar trend, usually trading between 1750 and 1850 and encountering selling pressure on reaching the upper end of

that band. All these factors underlie much of the upward and down-ward shuffling of places in the latest FT Top 500 list. At the top end, British Telecom has replaced British Petroleum as the UK's largest company by

The weaknese of crude prices over the period meant that oil shares were among the market's laggards. Glaxo Hold-ings, the pharmaceuticals group which had long been a stock market favourite, suf-fered from a change in market sentiment and a drop in its rat-ing, which took it down from fourth position to sixth by market capitalisation.

General Electric, the electronics groop led by Lord Weinstock, dropped from ninth to 15th position, reflecting mar-ket concern over the dynamism of the husiness - even though it has abown itself much more active over the past year in joint ventures and acquisitions.

Staying among Britain'e

Staying among Britain's largest companies, particularly sharp rises up the tables were recorded by the two hig confectionery groups, Cadbory Schweppes (up from 68 to 28) and Rowntree (from 85 to 30). Both movements reflected hid activity, or the threat of it. In the case of Rowntree, it finally succumbed to a 52 5bn take. succumbed to a £2.5bn take-over bid from Nestle of Switzerland. In the case of Cad-hury, the huilding up of an 18 per cent stake in the group by the American company General Cinema led to speculation that a hid might emerge.

largest rises up the table (in the number of places moved) owed this to their takeover

owed this to their takeover activity. The biggest mover was Yale and Valor, which jumped 284 places, from 453 to 168, thanks to the very ambitious takeover by Valor of the American locks company Yale. Similarly, WPP, np 146 places, owed this to its takeover of the mncb larger US advertising agency, JWT. Blue Arrow, the employment group, was up 107 places, thanks to its takeover of the US group Manpower — a deal which made a footnote in the annals of City history when, at the very history when, at the very height of the bull market, Blue

Arrow launched a then record British rights issue of £837m. But while the great bulk of companies shooting up the table could thank takeover activity for this, a few owed thair rise to more organic growth, in particular Body Shop International, the beanty-care husiness, which has enjoyed a remarkable rate of growth ever since coming to

the market.
Those suffering the greatest drops in rankings comprise a motley group of husinasses: London United Investments is an insurance holding company, GT Management and Hender-son Administration are fundmanagement groups, and Ber-

facturer.

This category also includes Virgin Group, the entertainment business headed by Mr Richard Branson, which, despite its glossy flotation, never proved particularly attractive an investment to tha City. Indeed, Mr Branson is now in the process of taking it private once again, through a

private once again, through a management buy-out. The newcomers to the list are headed by one of the great privatisation stocks of 1987: BAA, the airports group, comes into the rankings for the first time, as the 64th biggest company in the UK by market company in the UK by market capitalisation. There are several other new issues high up the list of newcomers: London Forfaiting, the trade finance group, which was bold enough to be the first sizable London new issue in the wate of the

crash; UK Paper, and AMI Other newcomers include the products of mergers: FKI Babcock, which comes in at 189, is the result of a get-to-gether between the FKI elec-tronics group and Babcock, the boilermaker.

new issue in the wake of the

The bottom of the list also includes a number of relatively small companies growing fast by acquisition, which could have the potential to climb much higher in the years Racal Electronics: up from 57 to 35

Defence by flotation

THE 22-place leap made hy Racal Electronics in the FT 500 table illustrates what an event-ful year it has been for Sir Ernest Harrison's company.

For a time, it seemed possible that the company might

bla that the company might not survive tha year as an indapendent entity. After months of speculation, Cable & Wireless, the international telecommunications group, confirmed in June that it had bought a 28 per cent stake. What appears to have prevented a full bid from C&W, was Racal's decision to float off its cellular communications subsidiary. Racal Telecom. via

subsidiary, Racal Telecom, via an international offering.

The announcement of

The announcement of Racal's plans in April saw its chares rise by around 30 percent in one day. When Racal Telecom, which operates the Vodafone network, was aventually floated, it was valued at \$1.70m, more than the whole of Racal Electronics before the announcement of its intention

to spin off its subsidiary.
The flotation generated plenty of controversy. Some institutions queetioned whether an international offering was the best way of ensuring the maximum return to existing shareholders. In order to attract ontsiders, it was argued, the shares would have to be offered at a discount.

holder, Millicom, the US elec-tronics group, argued that the Vodafone company ehould be demerged, with existing Racal holders getting free shares in

the new group.

The suggestion was not appreciated by Racal's management. They wanted to use the flotation as an opportunity to raise capital for the rest of the business — in particular, the security and data communications divisions, which they believed had been held back in recent years by the need to invest in Vodafone. Racal's management also wanted to keep a controlling stake in Vodafone.

In the end, the institutions backed Sir Ernest and the flo-tation went ahead, with Racal selling off a 20 per cent stake in its enbsidiary to raise £340m. However, the flotation cannot ba classed as an

The shares were priced on a prospective p/e of 30.5, one of the highest ever seen on the London market. Despite many confident analysts' predictions that overseas demand would push the shares to a 20p premium, there was little evidence of any sustained US investor buying, and the shares closed the first week of trading back at the offer price.

There must still be some

doubt whether the phenomenal

growth achieved by Vodatone to date can continue. Official restrictions may yet be imposed on the group's return on capital; competition from cordless phones may reduce the appeal of cellular units; a slowdown in consumer spend-ing could restrict purchases.

But Racal was atill, on November 1, capitalised at only £1.8bn, just £440m more than the value of its 80 per cent stake in Vodafone. Cable & Wireless may have disposed of its stake, but a takeover is not impossible.
What Racal has to do now is

to illustrate that it can grow the non-Vodafone parts of its business. The telecom division effectively accounted for all last year's increase in pre-tax profits; five out of the other six profits; five out of the other six divisions showed declining figures. The only non-Vodafone division to improve was marine and energy, back in the black thanks to substantial restructuring following the decline in the oil price.

Racal has had some encouragement in recent months. It

agement in recent months. It won a £300m contract to instal a data communications system linking four large Government departments. But it may need to earn a quick return from the money raised in the Vodafone float, if it is to shake off bid

. Philip Coggan

Racal's largest single sharenard Matthews a food manu-

	THE	TOP 500 UK COMPANIES	BY MARKET CAPITALISATI		
Ranking Market 1988 1987 company Capital SmScto 1		Profit. per Cast. change 2005. amplayers Year and	Revision Ma 1967 1986 company Capita 144 (USI) Accordance Robbith Durin	SSector Rank This year Cm Last year . pr change this year Cm	int year Sm change ROCE employees Year end
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47 (41) General Acrident	493 10 5.144.1 4.838.6 6.3 - 151 161	185.8 - 192.2 - 1.3 24.6 76.431 30.4.88 204.4 123.2 65.9 r 12.772 31.12.87 80.2 58.4 37.3 7.0 801 30.9.87	205 020 Landon & Manchester Group 322 207 (215) Montion Cohel 318 208 (222 ENAP 300 209 (224 Enreal Wallby 300 229 (224 Enreal Wallby 300	16 161 116 7730 6360 247 502 5 477 241 1879 116.6 611 250 11 421 160 4294 387.4 10.8 592 3 421 160 3294 387.4 10.8 592	94 292 1 2157 311287 301 56.8 321 13.582 311287 15.0 66.4 34.3 4.034 62.4 88 35.3 11.0 13.0 17.373 25.9.67 26.4 19.9 11.2 13 30.9.67
50 (42) Argyll Groop	613 40 2,163.0 1,718.3 125.7 493 30 3,409.9 2,128.2 -	26.4 170.5 55.7 38.0 28.031 31.12.87 175.6 80.6 - 140.9 63,247 02.4.88	209 (204) Greeoul Whither 30 210 (202) Daily Maji & Sewest Front 209 211 (204) Morgan Cracible 299	11 421 160 4294 387.4 10.8 39.2 13 121 - 31.6 17 591 179 334.5 242.1 38.2 31.1	15.0 66.4 84.3 4.034 02.4 88 25.3 11.0 13.0 17,373 25,9.67 26.4 19.9 11.2 13 30,9.67 24.8 25.4 20.9 9,088 031,88
52 USB TS8 Group 1,605.0	171 47 2,015.1 1,576.4 27.8 112 - 128 668.4 718.1 -6.9 151 - 151 - 151 - 151	275.5 205.6 - † 18.3 32.050 31.10.87 208.3 164.1 26.9 25.0 19.544 31.10.87	212 QETI MAI. 279 213 QTR Toolal Gross 29	ID 122 - 526 (4 4)2 147 593 A 408 4 23 4 40 3	24.8 25.4 20.9 9.88 01.188 40.0 31.5 69.7 3.829 30.6.87 30.2 33.4 23.1 14.627 31.188 30.1 56.3 57.7 7.684 30.4.88 13.1 72.5 32.0 6.958 31.10.87
55 (40) Psikington Brothers	611 36 2,332.9 2,103.4 10.9	1701 1191 42.8 (* 18.070 11.12.87 302.3 256.0 18.1 24.3 56.700 11.3.88 163.2 143.8 11.9 19.3 32.301 30.9.87	214 (2019) Touristies F.H. 294 215 (277) Barriel Quarterst 272 216 (277) Living Properties 272 217 (214) Living United 220		13.1 72.5 32.0 6.958 31.10.87 17.7 15.0 8.3 550 31.12.87 36.1 19.9 27.0 12.400 51.12.87
57 (70) Pearson 1,594 0 58 (54) Goordin Riyal Enchange 1,503 2 59 (56) STC 1,488 4 60 (63) Legal & General Group 1,457.9	171 92 952.2 952.6 131 43 . 2066.6 1,933.4 6.9	1632 1436 11.9 19.5 25.30 30.9 17 1518 1211 224 238 27.20 11.12 17 1650 1432 401 27.7 76.70 51.22 17 1680 1442 401 27.7 45.94 51.12 17 1680 172 401 27.7 45.94 51.12 17	218 C36) Brant Group 284 219 C257) Value Group 285	22 151 - 20.3 5 513 83 1,063.8 864.4 221 65.7 2 514 252 201.1 157.4 27.0 28.4 10.7 642 244 181.7 163.5 11.1 21.6 71.0 11.5 34.5	17.7 15.0 23 550 31.1287 36.1 19.9 27.0 12.400 51.12.87 15.5 10.4 30.6 576 31.587 17.5 23.3 16.2 6.664 03.10.87 30.5 13.1 31.8 16.220 33.12.87
61 (S3) Recirit & Coleman 1,404.2		60.3 73.5 7.1 r- 6.156 31.12.87 107.6 139.5 20.2 35.0 31.800 02.1.88 116.1 90.2 18.2 28.6 33.486 05.9.87 77.5 51.0 42.2 12.5 177 3.112.87	220 QSS Arms: 281		27.1 17.2 26.0 5.028 27.12.87 18.9 18.0 12.3 5.028 27.12.87 16.8 0.9 7.8 61 31.3.88
63 (106) Enterprise 01 1378.1 64 (-) 884 1 1384.6 65 (83) Maywell Communications Corp. 1326.0	51	167.6 199.5 20.2 95.0 31.800 02.1.86 116.1 96.2 18.2 28.6 35.66 05.9.67 77.5 51.0 42.2 12.5 177 31.12.67 164.0 124.0 33.9 19.1 7,795 31.3.86 164.0 80.3 186.7 32.2 14.972 31.3.86	221 C465 Druft Interrollocal 276	6 161 170	27.1 17.2 24.0 5.028 27.12.87 14.9 18.9 12.3 5.984 27.9.87 14.8 0.9 7.8 60 31.3.08 15.5 50.1 51.8 430 30.9.87 21.0 18.7 r - 1,232 31.12.87
66 (74) Whithress	421 58 16887 15539 87	187.2 150.9 17.0 13.8 49.174 27.2.88	225 C50 Britis Vita 277	2 622 198 2713 237.2 14.4 26.3 0 161	19.0 43.1 38.6 7,974 31.12.87 10.8 22.6 8.0 108 31.12.87 13.4 24.2 14.4 5,469 27,987 17.0 47.4 43.7 2,283 31.1.88 3.5 73.9 127.2 351 30.9.87
69 149 Coats Vigeta	431 139 546.4 480.1 13.8 451 37 2,772.0 2,202.0 3.2 412 52 1,794.8 1,750.0 2.6 433 121 720.1 663.7 8.5		229 (219) U.E.I. 260 230 (336) Body Shep International 260		
	491 70 1,338.6 1,217.2 10.0	2216 2011 9.7 25.9 68.500 33.3.88 2528 1955 47.7 27.9 11.991 31.188 181.4 148.7 213 278 33.428 11.12.67 147.0 125.2 17.4 21.4 37.294 92.188 177.0 1153 31.5 20.7 55.763 30.1.68	231 C977 Secretor Group 256 256 257	6 406 167 381.9 356.4 7.2 20.0 7 472 250 1627 144.4 12.6 24.1 9 541 249 177.6 164.1 8.2 21.9 7 122 - 41.9 1 171 239 190.4 134.4 41.7 26.7	16.4 21.7 22.6 56.331 30.987 15.5 551 35.3 1.083 27.12.57 17.7 23.9 25.0 6627 • 02.10.67 20.5 41.9 27.2 1.499 • 31.12.57 14.9 79.2 61.2 5.187 31.12.27
75 told Woolworth Holdings 1,238 5	421 97 9115 8275 102	H14 1487 213 278 31.08 11.287 1470 1252 17.4 21.4 34.24 62.188 1770 1153 535 20.7 55.783 301.88 113.1 903 23.2 3.9 22.992 01.5.89	235 C580 Sett		
77 (839 Hillsdown Holdings	451 25 3.6386 1.7026 78.5 551 71 1.700 9 1.429.7 -4.0 301 19 3.758.0 3.763.0 15.1	103 549 1009 259 44102 311287 1721 1842 46 237 30,136 01,486 2728 1620 407 286 41667 31,188	236 (1965) Addréey (Lacro)	5 411 230 2015 179,9 179 28,1 7 541 261 162.6 145.5 11.8 32.5 7 493 153 462.1 423.3 13.9 26.9 7 652 199 260.3 2012 33.3 30.7 10.0	223 27 291 6.951 30128 280 160 418 3622 311287 223 208 455 8673 30128 242 257 251 4800 30438 84 273 58 19 311287
81 (75) Perlant 11179			240 G039 Wrates City of London Prop 241 241 G713 Prenier Consolidated difficielts 229 242 G232 London & Edinbergh Trest 239	6 213 397 26.3 20.3 29.2 14.3	
83 (79) Size Circle industries	601 103 8477 7505 159 611 103 8477 7505 159 611 82 1068.7 1698.0 27 171 26 3013.9 2651.0 13.7	US.1 1347 41.6 20.0 17.027 26.3.88 182.3 144.7 26.0 40.4 11.010 31.3.88 195.0 127.0 22.0 13.0 16.624 71.12.87 200.2 165.1 21.3 17.3 124.894 30.9.87 24.3 49.3 10.0 6.4 433 31.2.87	241 Q7(1) Premier Consolidated difficiels 239 242 (232) Lordon & Edistory i Trast 239 243 Cab. Britaneth Assortable 239 244 Q40 Powell Duffry 237 245 Cyg2 WPP Group 237	0 161 103	8.6 19.0 /- 4.474 31.12.87 27.0 22.2 23.2 8.923 31.3.88
86 (86) Storehouse	491 78 1,1706 1,1206 4.5	121 1 120 2 A 3 21 2 474 67 A BR	246 (277) Nandro Constructo 235	2 161 263	163 549 1023 2000 331257
90 (73) British Agroupace	521 44 2.0590 1.6020 14.3 523 17 4.075.0 3.137.0 29.9 591 110 835.9 673.1 24.2	1440 95.0 52.3 29.2 11,453 31,12,67	20 GSD FALLS FIGURE OF THE STATE OF THE STAT	4 451 142 598.7 457.7 17.7 27.8 4 431 256 165.0 148.5 11.1 25.3 5 161 9.0 3 161 11.6	16.3 54.9 102.3 3.099 31.12.87 231 20.5 32.3 8.533 50.4.88 221 14.6 29.0 3.094 31.3.88 8.2 19.0 r - 3.655 31.12.87 10.2 13.3 9.4 44 24.7.87
93 (B2) Remark 0() 932 4	591 55 17430 1.6080 8.4 631 119 7625 6896 10.7 214 77 11955 13220 -9-6 571 59 1670.6 1619.2 3.2		Z51 GRU McKestnik Z25 Z52 GRU Ment Walter Holdings Z52 Z53 GRU Septe Walter Holdings Z53 Z54 GRU Gree Percelant Z54 GRU GRU GRU Z55 GR	0 671 206 244.0 212.3 14.9 27.5 22 461 355 70.9 32.7 116.8 20.0 29 571 207 242.1 229.0 5.3 35.8 213 305 36.8 22.5 63.6 7.5 2 472 201 260.5 72.1 - 25.0	19.1 44.9 26.7 5,948 31.7.87 7.2 188.9 23.0 2,245 31.12.87
95 11151 Abbey Life	141	127 5 924 - 576 17675 9 31 1 98	255 (264) Norton Opex	2 472 201 2605 72.1 - 25.0	
97 (101) PMC Grown 903.0	491 76 11997 190,0 611 50 1,788.7 1633.9 9.5 591 155 462.7 206.2 124.5 401 87 16001 841.4 21.2 141 -	150.7 100.5 38.9 25.4 20.980 31.12.87 37.2 22.9 149.9 28.9 8.665 31.12.87 111.1 92.4 20.2 21.5 19.608 33.12.87	256 (255) NeCartly & Store 216 257 (259) Famel Discursion 215 257 (259) Famel Discursion 215 258 (318) Nexa (effort) 215 259 (217) % Nex (effort) 215 259 (217) % Nex (effort) 215 250 (266) Carloss 212 250 (266) Carloss 250 (266) C	5 613 318 98.9 67.1 47.4 24.9 5 613 294 118.2 98.3 20.3 25.7 5 611 256 128.7 128.6 61 14.9 5 471 522 96.1 81.5 18.6 13.8 4 213 226 125.7 104.9 19.8 6.8	16.1 54.7 D.6 1.695 31.857 22.4 9.6 92.0 183 31.185 8.3 79.6 24.9 7.100 39.957 9.0 43.4 55.9 1932 31.757 2.2 206.6 7.8 640 31.757
101 (109) Harrisons & Cresileid	141	43.4 38.2 13.6 r~ 8,713 31.12.87 ·	261 (23k) Belan Gross 712		22 206.6 7.8 640 31.3.88 197 197 391 6892 04.7.87
102 1109 Universe 83.1 103 1090 Universe Responsers 84.5 104 1113 Sinoph Estate 81.6 105 (80) Standard Charleved 81.6	161	109.0 83.0 30.1 19.6 38.198 31.12.87 106.0 74.8 41.7 16.1 3.31 31.12.87 79.6 54.4 68.8 95.7 12.775 31.12.87 77.4 66.4 16.6 10.0 22.992 31.12.87 77.9 23.9 -27.8 a 5.23 31.12.87	251 235 Bejan Grosp	2 473 148 496.8 599.5 24.4 22.6 5 541 113 804.6 937.5 -14.2 32.2 5 631 211 201.3 77.5 137.3 25.5 621 145 515.1 528.7 -4.4 35.2 5 591 146 955.4 363.1 9.0 32.6	19.7 19.7 39.1 6.892 '04.7.87 23.2 38.8 19.3 22.035 31.12.87 10.6 140.2 45.9 4405 31.12.87 28.4 33.3 22.6 9.669 31.12.87 28.2 15.6 27.6 9.356 31.12.87
106 1621 British S. Commonwealth Hidgs	303 % 919.7 432.4 — 142 — 171 45 26366 1.997.2 2.1	435 515 - 109 18223 3112.67 1011 135 -24 210 1421 3112.67	266 CGOD Barto (William) 202 2b.7 CGSS Censes Brettlers 202 2b.6 CGVI Felerboxe Brettlers 200 2b.7 CGVI Felerboxe Brettlers 200 2b.7 CGVI Felerboxe Brettlers 199 2b.7 CGVI Hickoon International 199	6 412 194 2805 2825 150 287 1 60 224 2894 1944 7.7 21.9 2 535 399 1063 97.9 26 196 5 551 334 100.5 79.7 27.4 113 3 621 224 2842 161.5 38.8 20.1	18.7 37.8 22.1 12.463 31.12.87 18.3 53.5 26.1 35.07 31.12.87 17.2 13.7 18.6 2.700 31.12.87
			254 (324) Logica 1992 270 (347) Hickson International 1992		5.8 66.2 48.9 2348 30.6.87 15.1 33.3 27.9 3.603 31.12.87
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123 (156) Lancen & Scot Warner Oil	213 252 172.0 183.8 -6.4	360 40 800.0 9.1 301 31.1287	276 (319) Automated Security (foldings) 192		
116 (104) Datesty	161	725 750 233 248 25966 30687 564 301 674 94 477 1138 UH3 108 7231 13426 25287 UH3 108 7231 11426 25287 UH4 621 907 223 252169 02488	20 219 Automated Security (Roleings) 192	2 652 188 306.1 259.6 17.9 20.6 9 461 360 66.3 59.1 12.2 16.1 0 611 365 608 408 400 70.7	124 226 25.9 2.100 30.11.87 188 9.7 18-2 6.457 50.11.87 127 26.5 288 3.577 31.10.077 7.0 52.6 66.1 886 62.188 176.2 185.5 57 33.13.88
171 (125) Beneford S & W 693.1	651 23 3,055.1 3,026.5 -22.2 613 65 1442.0 1,422.0 1,4	875 1483 41.0 14.9 9.937 *30.987 950 64.5 44.1 14.0 14.600 31.12.87 20.9 17.4 70.1 r- 2,725 *31.12.87		9 161 22.7	7.0 52.6 66.1 86.6 02.138 8.2 176.2 185.5 37 31.188 18.3 20.0 14.2 15.0 31.188 22.7 15.4 40.9 9.889 03.2.88
124 (133) Northern Foods	472 134 581.0 5199 118	77.3 75.2 2.8 25.1 23.077 31.1.88 59.6 45.9 28.3 13.9 12.956 30.9.87	281 G239 Deglan Holdings 187. 282 C470 Messies John Wolstings 566. 283 G413 Stope & Friedlander Group 185. 284 G10, Bulloogs 182. 285 G267 Fray Art Berdinmers 181.		0.1 - 51 69 51.287 15.9 33.1 50.7 3.851 31.10.87 15.5 30.3 36.7 4.217 31.3.88
	214 174 2503 1643 -1.1 513 106 8617 7423 16.1 571 107 860 8 780.3 10.3 551 112 822.1 628.7 30.8	74.2 77.3 5.5 25.8 3,808 ° 31.3.88 73.1 73.1 73.1 73.6 24.9 13.3 857.8 31.12.87 92.3 73.3 25.9 22.6 22.58 31.12.87 65.0 50.2 35.5 31.4 8,900 ° 31.3.88 66.7 44.3 32.9 20.9 11.627 31.12.87	286 CT34	572 255 155 662 175 151 151 151 152 153 154 155 152 153 154 155 155 155 155 155 155 155 155 155	10.6 23.6 40.0 2.450 70.440
130 (88) Bund 620 8 6	452 64 1,4716 1,0694 37.6 451 57 1,709.6 1,645.3 3.4	92.0 81.5 12.9 192 13.029 27.9.87	291 (360 Jany Marriage Designary 176.		6.1 90.7 14.9 3,000 31.8.87 18.0 28.2 15.0 1.408 30.9.87
133 (129) Warburg 5 G Group	142	60.9 74.8 18.6 15.5 1.736 31.12.67 11.11 980 11.3 13.2 2.602 31.138 2.41 70.1 77.0 73.8 15.430 30.9.87 75.2 44.2 17.1 28.3 4.249 01.128	272 (4)16) Kusmedy Brookes 176. 273 4.) Landleisure 174. 274 (278) Mysti Group 173.	161 566 264 158.1 157.5 0.3 20.6	22 619.1 82 64 31.186 5.8 773 292 2.164 25.10.87 6.4 28.1 †19.2 - 30.4.88 17.4 18.6 5.5 4.012 31.12.87
136 (136) De La Rue	172 152 483.7 444.1 8.9		275 (336) Etam 173 276 (310) Provincest Flyancial Group 1720	492 299 113.9 79.4 43.4 17.9	
178 (165 Cectais Group 557 8 6 179 (1 FK) Batrock 553 8 140 (157 Caritos Comparications 563 8	571 90 9770 7391 322 513 109 8398 7396 13.5 563 98 9041 83.6 – 663 303 1123 58.3 92.7	62.4 \$5.6 12.2 22.8 11.826 31.3.88 75.2 \$6.3 49.7 25.5 12.189 31.7.87 66.2 \$6.3 3.0 16.1 11.099 31.12.87 48.6 11.5 - 14.8 21.221 31.3.88 33.7 18.8 79.1 \$8.8 1.234 30.9.87	296 (321) Cartatis International 170, 299 (283 Crest Richards 170, 300 (309) Geest 180, 169,	\$ 521 296 116.4 94.1 175 22.1 485 321 96.7 76.3 37.4 32.5 6 614 225 222.8 212.0 5.1 24.0 451 166 391.4 421.0 -7.0 14.1	223 200 16.9 5.566 \$1.12.87 16.8 31.5 22.8 2.797 \$112.87 18.4 71. 60.0 12.63 \$112.87 18.5 44.4 21.7 2.006 \$1.10.88 8.5 65.2 18.8 3,750 (21.88
141 (178) Polly Peck International 544 7 4 142 (128) Scritn I W H I Group 538 8 4	406 169 3908 273.7 39.1 491 60 1662.0 1.460.5 13.8	86.2 70.4 22.4 40.4 5.294 29.8.87 70.6 61.8 20.6 24.0 30.780 24.5.88	301 (260) Sireon Englacering	561 141 5413 5613 7.6 23.6 451 225 2079 2017 -140 23.2	28.0 -15.7 18.5 9.675 St 12.87
	121	24.7 21.1 16.9 7.3 - 31.3.88 10.0 100.9 9.8 13.1 228 31.3.88	304 (389) Wilso Sanden 146. 305 (490) Partifield Group 167/	51 Z19 Z19.3 153.9 42.5 15.2	28.0 .15.7 18.5 9.475 31.12.87 42.3 -21.3 21.9 3.722 31.5.87 48.1 45.0 36.2 1.963 31.7.87 88 102.3 41.5 635 31.12.87 9.5 60.0 54.4 2.949 30.4.88
147 (138) Kurit Sare Group	413 137 556.2 478.9 16.1 493 111 526.1 762.9 8.3 513 36 1,033.0 507.1 109.7 464 349 74.1 648 14.3	60.4 46.1 JLO 38.8 11.290 26.12.87 44.6 42.2 16.3 13.2 7.742 27.857 77.5 31.1 12.5 33.5 16.318 30.687 14.3 12.1 18.2 26.7 26.577 31.12.87	306 (306) VSEL Construin 167 307 (-) Prosthot (Alexanor) 165, 308 (422) European Home Products 164, 309 (428) SD-Scion 163.	2 592 159 429.6 362.2 18.6 17.6 566 401 18.1 19 - 31	15.0 17.3 7.4 - 31.386
150 (197 Jaguar 510.) 151 :120 Kiermort Benton Group 507.1	864 347 741 648 143 601 89 1,002.1 830 4 207	77.0 1216 -14.7 23.7 12.463 3(17.67	310 (296) AAH Holdings	171 102 880.6 726.1 21.3 24.5	19.7 26.4 21.9 5,845 31.3.88
	161	15.1 6.6 129.2 11.7 130 30.6.87 60.6 50.5 20.0 20.9 6.984 31 1.88	111 (276) Wardingurs Gotra 152, 152, 152, 152, 153, 154, 155,	652 251 1725 131.7 33.9 17.6 17.6 17.6 17.7 17.9 17.6 1	12.2 44.0 26.8 3.638 62.4.89 7.4 60.5 10.3 1114 317.87 14.4 0.7 9.9 3.500 62.188
154 (150) Novers	992 125 682.3 607.2 12.4 566 108 655.9 1,945.6 -18.0 564 151 486.5 372.4 30.6 571 193 288.7 20.8 45.5	653 512 227 33.9 15.667 313.66 623 634 65 244 21.000 31.12.67 54.6 33 42.6 33.3 536 *7.28	313 1-1 Nation Reportes · - 157.	91 307 31.9 325 40.4 13.3 91 307 31.9 325 40 22 213 394 27.8 34.5 49.3 0.3	
159 (154) Boutster intustries 478.6 6 159 (154) Morpa Grenfell 478.5 160 (165) Hopping Grenfell 474 5 160 (165) Hopping the Certain Holdings 472.2	306 151 485.5 372.4 70.6 502 152 288.2 20.8 45.5 551 80 1,128.0 994.0 13.5 121 161 415.4 362.4 14.6	54.6 \$3.3 \$2.6 \$3.3 \$5.5% \$7.288 \$46.4 \$2.0 \$11.5 \$22.3 \$5.90 \$13.388 \$45.5 \$48.0 \$11.5 \$14.4 \$20,700 \$112.87 \$60.1 \$2.2 \$2.9 \$16.2 \$1.902 \$112.87 \$60.2 \$41.0 \$4.8 \$27.3 \$7,999 \$112.87	315 CO7) Triton Europe	233 944 27.8 34.5 49.3 0.3 192 27.8 461 204 247.4 2222 11.3 27.8 163 332 102.8 86.6 18.6 22.3	121 -475 4.7 60 315.87 26.4 14.9 61.8 492 313.88 26.7 123 381 2511 31.88 11.1 31.7 17.3 83 30.68



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Ranking 968 1987 company		Market			Turnover		per cesat	·Profit		per cent			
321 (362) Chesterfield P	reporties	151.2 154.1 154.1 154.0 151.6 152.2	国国际经过	Rank This 340 156 233	84.8 442.3 200.8	100.4 309.2 212.8	-15.5 13.6 -6.0	79	8.2 15.5 10.6	#11 #1.1 114.2 -15.6	7.0 · 5.2 · 15.9 · 17.0	126 1237 9,425	31.12.87 05.4.88 31.10.67
325 (374) Portais Holds 325 (374) Ansbacher Gla 326 (201) Brown (k.) Gr 327 (404) Handan S	Flogs		盤	316 268	200.0 100.5 155.3	73.4 117.2	4 <u>0</u>	29.0 27.8 21.1 51.	155 106 250 56	-256 -83 46.7 85.6 108.5	17.0 1 10.2 43.1 28.0 15.4	1,217 9,425 3,841 294 1,282 1,218	31.12.87 31.12.87 05.3.98 31.3.98
326 (201) Brown (k.) Gr 327 (404) Henden-Stea 328 (267) Arlington Sec 329 (342) Heywood Wills 330 (294) Starge Holdio	B	1521 1519 1512 149,7 148,4	では、日本の日本の日本の日本の日本の日本の日本の日本の日本の日本の日本の日本の日本の日	212	230.4	147.3	56.2	17.4 14.7 20.2 12.6	9.4 7.1 10.6 9.5	108.5 90.6 32.6	15.4 50.0 107.6	5.171 5.171 798	31.12.87 31.12.87 31.12.87 30.9.87
331 (417) Highland Dist 332 (363) Norfolk Capit 333 (251) Hogg Robinso 334 (264) McAlpine (AN 325 (366) Peel Hoblings	1	148.0 147.8 147.0	422 461 306 613 161	302 384 339 133	1125 322 86.0 583.1	108.0 13.4 63.3 482.6	4.1 139.6 37.2 20.8	121 52 110	10.3 1.4 8.1 26.1 8.1	17.2 268.3 36.0 20.1 27.9	18.0 7.0 217.4	286 1,441 3,863 7,539	*31.8.87 31.12.87 *31.3.88 31.10.87
336 (343) Wardle Stores		146.9 146.0 146.9 144.8		_	-	-	54.7	11.4 19.3 12.7	56	126.4	25.0 9.2 29.4 28.4	77	31.8.87 31.8.87 30.4.88
240 (222) RSDRV	Inestments	144.3 143.9 143.3	记 江 江 第 第 4 6	346 348 310 255 367	77.3 54.4 105.2 146.6 58.8	49.9 12.1 30.2 202.8 53.9	268.7 -17.9 9,0	12.7 6.1 12.7 16.3 16.0	0.8 31 135 135	303.0 20.4 18.8	28.6 63.0 22.3 31.5	1002 2,022 5,273 5,273	31,12.87 31,12.87 31,3.88
34) (427) Newardshi 342 (350) Property Secu 343 (340) Stetchley 344 (337) Lovell Y.J. (H 345 (373) Central Intege	ricy Innest. Tst	142.4 142.1 141.6 140.5 139.9	13 14 14 14 14 14 14 14	175 245 183 209	343.3 181.2 323.8	272,8 131.6 267.0	26.2 37.6 21.3	14.5 5.8 13.4 14.3 22.5	14.3 5.6 10.7 12.3 16.6	1,4 3,6 25,5 33,0 35,7	0.6 6.1 31.1 23.9	4,028 40 10,454 2,850 2,043	31.10.87 31.3.86 01.4.88 30.9.87
345 CSBO Chloride Group 347 (KSB) Nu. Swift Indo	1	1100	474 541 591 614	204 187 283	323.8 229.6 307.9 134.3 92.0	195.2 273.4 129.3 52.9 217.0	22 B	78.7	15.6 17.0 14.7	7.1 66.2	47.0 18.8 72.6	2,043 11,084 2,927	31.3.88 31.12.87
349 (376) Confe (T.)	**************************************	138.2 138.1 137.5 137.5	辺	187 283 330 184 280	1373	1400	12.6 3.9 73.8 48.0 7.6	24.4 17.7 17.0 13.2	17.0 14.7 8.6 8.2 15.1	106.9 107.2 -12.3	46.5 38.4 24.7	11,004 2,927 303 2,109 3,570	30.4.88 31.12.87 01.1.88
352 (322) Davy Corporat 353 (361) Spirat-Septent 354 (394) Spottish Metri 354 (391) Contine Short	on on one of the original original of the original orig	135.8 135.0 134.6 133.0 132.9	614 561 566 161 161	351 114 319	73.7 7%3 98.8	46.4 711.8 94.7	56.8 11.9 4.3	126 105 189 7.0	61 202 16.9 71 8.4	48.1 12.0 10.3 29.3	50.7 10.0 26.7 8.9 11.9	10,803 2,846 24 136	31.12.87 31.3.88 31.12.87 15.8.87 30.4.88
356 (385) Westneot love 357 (351) LWT (Halding 356 (353) Diploma 359 (478) Southead Prop 360 (354) Across and No		132.8 132.3 130.7 230.7 130.5	10000000000000000000000000000000000000	228 306	202.9 111.5	157.8	. 28.6	2.8 23.0 15.4 4.3 12.3	22 13.7 12.3 0.2 7.2	24.6 67.9 23.2	33 45.0 27.7 133 44.4	1,937	30.4.87 26.7.87 30.9.87
359 (478) Southerd Prop 360 (354) Acatos and He 361 (327) Lep Group 362 (-) Goal Petroleus		130.7 130.5	粉如	231	201.2 141.4 19.0 178.1	188.9	65	111 111	0.2 7.2 8.9	69.7 24.9 316.2	#33 #4.4 19.2	1,028 5,801 18	31 1288 27.9.87 31 12.87 • 31 12.87
364 (420) Develor J.A. 365 (370) Television Son	**************************************	129.5 128.8 128.7 128.7 127.4	긺	278 400 248 379 253	171.9	137.0 15.4 142.1 42.3 137.7	26 28.7 25.3 -1.5 24.8	11.1 3.8 9.6 9.1 21.8	8.9 0.9 6.5 6.1 14.4	47.7 49.3 51.4	9.3 9.3 54.8 16.8 40.7	1385	*31.12.87 *30.9.87 31.10.87
366 (332) Nardin & Pate 367 (403) Warner Estate 368 (302) B.S.S. Interna 369 (401) Photo-Me Inte	M9CK0494	127.1 125.4 124.6 123.5 123.4	512 161 541 461 463	99 140 361 197	904.1 545.2 65.8 277.8	839.3 473.5 56.7 127.2	7.7 14.7 16.0 118.4	17.8 4.4 18.0 9.5	17.6 3.9 11.8 6.9 4.2	0.9 12.6 52.5 37.7 225.3	22.6 4.8 27.0 41.2	3,549 155 6,679 1,310 6,730	02.1.88 30.9.67 31.12.87 30.4.87
370 (288) Barker & Dots 371 (387) Travis and Am 372 (441) Cap Group 373 (398) Ideland Frozen 374 (385) Higgs and Hill 375 (41) The Bases	4	123.4 123.2 122.7 121.6 121.2 121.2	493 415 415 415 415 415 415 415 415 415 415	236 300 269 200 247	193.0	1745 78.8 114.5 236.8 155.2	118.4 19.6 43.5 32.7 11.8	13.5 17.0 8.3 7.2	12 2	45.9 42.5 40.8 41.9	45.6 51.7 31.8 33.4 22.2 4 5.0	5,730 2,358 2,949 2,483 1,836 1,709	26.12.87 31.12.87 • 30.4.98 02.1.88
375 (-) UK Paper		121.2 121.2	614 652 161 991		154.5 267.1 178.7		îiá	13.8	5.8 51 12.2 2.8	41.9		1,836 1,709 57	* 31.12.87 * 31.12.87 * 30.6.87
377 (-) Eagle Trest 378 (359) Pentos 379 (264) 658 foternatio 380 (470) Westbory	ngi .	121.0 120.4 120.2 120.0 119.3	器	342 335 223 291	82.7 90.0 209.3 122.8	3.3 63.2 348.5 93.9	42.4 39.9 30.8	6.4 7.0 16.4 15.4	0.7 5.0 11.9 9.1	56.0 38.1 69.2	# 6.8 38.5 28.4 34.1	57 666 2,700 9,701 442	* 31.12.87 31.12.87 31.12.87 29.2.88
381. (-) Davis, Gottrey 362 (360) Staveley indust 383 (402) Avon Rubber 384 (458) Raine industrie	· · · · · · · · · · · · · · · · · · ·	119.0 118.0 116.8 116.6	91 52 57 43 57 57 57 57 57 57 57 57 57 57 57 57 57	216 227- 229 338 342	222.0 205.5 201.5 42.1	195.5 199.3 206.1 29.7 38.1	13.6 3.1 -2.2 41.8 70.9	13.9 18.1 11.4 3.6 7.7	10.7 14.2 4.1 1.5 4.3	29.9 27.5 87.3 140.0 78.6	17.4 23.4 27.6	11,279 4,637 4,652 469 2,057	91_12.87 02.4.88 30.10.87 30.6.87
350- With Sines Charles		116.3	511 <u>.</u> 425	362 362	407.7	到1	70.9 23.1 1.9	18.3 12.9	10.1	78.6 81.0 12.9	23.4 38.2 \$ 76.6 15.7	2,057 1,834 1,402	31.12.87
386 (333) WCRS Group	Group	115.2 114.8 114.2 114.0 113.9	475 471 541 481 481	162 173 286 173	73.5 95.9 129.2 95.6	331.1 72.2 93.8 134.2 63.6 503.5	23.1 1.9 2.2 3.7 50.3	18.3 12.9 10.4 14.1 30.5	10.1 11.4 10.1 11.6 6.5	81.0 12.9 3.0 21.4 61.2	15.7 17.3 25.9 101.7	1,834 1,402 3,129 3,701 799	26.3.88 30.6.87 31.10.87 26.3.88
391 (325) Hall (Matthews 392 (431) Time Products 393 (425) Warnford Inces 394 (320) Oxford Inces 395 (455) Consequide Inc	ents Group	113.5 113.2 112.3 111.5 111.5	511 495 111 552 614	354 351 370	53.8 - 89.1 54.0	48.6 100.0 30.7	-6.5 10.7 -10.9 76.1	113 113	18.0 7.6 4.3 19.7 4.2	50.9 10.6 -43.1 167.4	17.9 32.5 36.7 25.2 36.4	1,112 15 1,376 256	31.188 • 25 12.87 27.3.88 30.9.87
396 (380) Sandell Perking 397 (-) Ruberold	fity Group Products Gardenia	111.1	651 611 406 551	270 274 398 254	148.5 145.1 24.9 171.6	113.2 137.8 11.9	31.2 53 110.2	13.7	9.9 9.1 1.8 6.4 11.2	37.7	39.0 26.6 56.3	1,868 2,359 972	31.3.88 31.12.87 30.6.87
399 (-) A.B. Electrosis 400 (341) Gerrard & Nati 401 (383) Union Discount 402 (438) Yale Catto	Products	109.5 109.4	<u>記</u> 22		114.5	129.9	. 22	5.4 8.0 7.0	10.8	199.3 24.2 -37.6	19.0	382	30.6.87 05.4.88 * 31.12.87 31.12.87
403 (500) Gramphan Rold 404 (-) Rantingdon Int 405 (482) Tiphook	enectional	108.6 108.7 108.6 108.6	122 622 591 591 303	297 366 375 382	59.3 44.1 39.4	81.4 51.0 37.3 25.3	40.7 16.3 18.2 55.5	6.1 8.9 4.5	10.8 10.8 4.1 6.4 2.8	3.0 29.9 48.6 39.6 62.5	31.6 38.1 18.9	2.877 1.572 1.690 460	31.12.67 30.9.87 30.4.87
406 (349) Sheraton Secs (407 (-) ASW Holdjags 408 (408) Robinson (Thom 409 (371) United)	sternational storage s	108.2 107.4 107.2 106.9 106.8	161 653 561 561 412	178 301 221 243	338.1 113.0 217.3 183.0	328.4 70.5 215.9 146.9	3.0 60.0 0.7 24.6	· 11.3 24.2 12.3 14.7 14.7	4.7 19.7 7.0 13.6 10.5	143.0 22.8 74.5 8.3 39.9	31.9 1A.7 47.8 22.2 34.0	3,109 2,977 3,215	31.388 • 31.12.87 31.12.87 28.5.88 31.3.88
410 (424) Resultent Intern 411 (-) Howden Group 412 (434) Local London G	rosp	106.8 - 106.3 - 106.0	412 561 161 451	263	160.2	152.3	52	10.2	0.1 3.6	7083.1	17.8 18.9 29.1	4,482	30.4.88 • 31.12.87
414 (436) Freshhile Food 415 (344) United Scientif 416 (3) Wembles Count	Sra)	105.3	521	262 242 293	136.0 184.1 120.2	136.6 147.0 117.9	-0.4 25.3 2.0	141 63 111	0.1 3.6 15.1 5.1 3.2	127.8 -6.5 23.7 244.9	17.9	2,608 3,398 2,913	03.1.88 02.4.88 30.9.87
417 (411) Briden 418 (396) Balma 419 (382) Eurotherm into 620 (4) Adva Holdinas	pations	104.8 104.5 104.5 104.1 104.0	461 561 563 551 622	388 237 375 305 376	31.1 196.1 50.8 ,111.6 43.6	25.3 187.6 36.9 99.4 11.4	37.9 12.4	2.2 7.7 9.1 12.8 6.0	0.1 10.4 6.5 9.4 1.0	26.0 40.8 36.7	5.2 10.7 59.9 28.4 4.27.3	1,951 4,094 1,358 2,364 1,188	31.12.87 - * 31.3.88 31.10.87 * 31.3.88
421 (414) DPCE Holelogs 422 (365) Brawner 423 (439) Bulmer H.P. He	i de la companya de l	101.0 102.2 101.1	報2 591 474	381 320 246	40.0 97.7 178.9	28.6 102.9 160.9	40.0 -5.0 11.2	3.4	4.0 12.6 12.5 1.9 5.0	36.6 -8.6 19.4 67.3 181.2	38.6 26.2 20.6 12.9 11.8	799 1,237 1,532 31 930	30.6.87 31.12.87 29.4.88
424 (-) Asda Property 425 (378) Clayform Prope 426 (462) Brake Brothers	rie	100.9 100.1	161 161 451	331	91.9 73.8	76.0	20.9 64.5 116.1	14.9 3.6 14.1 7.6	5.6 5.6	34.9	35.8	1.026	31.12.87 • 31.12.87 31.12.87 31.8.87
428 (450) BM Group 429 (418) Dobson Park in 430 (444) Lowe Howard-S	Pers		451 614 561 591 652	331. 350 344 217 182	78.9 220.5 332.4	44.9 36.5 218.5 214.5	55.0	119 51 141 111	5.6 6.2 2.3 11.2 7.3	90.8 120.7 25.7 51.6	35.8 34.6 23.1 14.5 82.3	214 1,386 5,713 1,248	30.6.87 63.10.87 31.12.87
(31 (391) Landon & Metr (32 (406) Marshells Halfi (33 (445) Exophe Storet, 1 (34 (4) Hartwell		97.6	161 111 715 173	311. 240 181 292	105.2 189.1 532.6	86.6 179.2 272.4	21.4 5.5 22.1	91 731 7.9 9.7	5.7 9.7 8.9 6.1 7.9	59.1 35.7 -18.8 58.5 28.6	18.7 25.3 13.9 16.3	2,018 3,188 2,123 3,636	31.3.88- 30.1.88 29.2.88
36 (443) AGB Research 36 (489) Stead & Simpso 37 (475) Aurora 38 (475) Aurora		97.1 - 76.3	772 例5 例1	292 345 304 829 333	77.9 112.1 93,3	70.1 112-8 80.0	11.1	8.9 	-110	28.6 23.3 4.2 41.9	31.4 11.1 -24.8 41.5 "	3,636 10,389 2,495 1,851	30.487 31.3.88 -31.12.87 30.1.86
139 (-) Johnson Group (140 (346) Horse Robert 141 (390) BTP 142 (-) Haden Macleffa		93.8	. 20	ADD .	90.3 156.1 107.9	101.8	16.61 11.3 18.2 65.6	11.6	7.8 8.8 10.6	31.5 24.1	20.4 47.0 23.9 31.4	743	26.12.87 30.9.87
143 (437) TV-AM	RIGIONES	92.1 91.8 91.8	TOT	308 389 369 218	30.7 54.7 219.3	11.7 41.9 85.0	172.8 30.6 158.2	97 14 131 93 40	5.8 0.4 8.7 3.6 2.5	291.1 50.5 157.3 58.9	\$72.6 24.9 24.3	469 5,042	31.12.87 31.3.88 31.12.87 30.9.87
46 (465) Hunting Associated (446) Whitecoft 48 63 Trade internally	Act Section 1	91.5 91.4 91.4 89.5 89.4	知知	177 277 377	339.0 141.5	332.0 121.7 45.6	21	181 121 10.5 6.9 9.5	11.8 9.2 9.4 5.9 7.2	53.2 32.9 12.0	26.4 21.9 19.0 0.2	5.033 2.716 1,899	31.12.87 31.3.88 31.3.88 31.12.87
150 (329) Microgen Sqidi 151 (432) Blackwood Hod 152 (432) Fintay Clames	195	89.4 89.1 89.1 89.0	911. 841. 812. 813. 813.	384	33.4 302.9 156.0	204.4	26.2 48.2 11.7	9.5 12.5 3.1	72 8.8 4.8	31.7 42.0 -34.8 66.5 43.8	0.2 22.6 6.1	3,174 32,246 334 434	31.12.87 31.12.87
153 (156) Speyfiawk 154 (452) Ward Holdlogs 156 (471) Ransomes, Sime	E Jeffelis	88.7	ML.	189 267 359 374 343	67.8 48.3 81.2	40.9 36.0 69.7	48.2 11.7 65.6 34.3 16.5	125 31 101 129 97	8.8 4.8 6.1 9.0 6.0	20.7	22.6 6.1 72.9 35.5 72.2	1.46/	30.9.87 31.10.87 31.12.87
196: 1483) (currien 1652 187: (399) International Ci 198: (433) Cambridge Elec 199: (313) London United I	y Robins, crust kelestris	88.3 88.3 88.3	22 22 33 381 361	271	147.0	1924	n <u>o</u>	53 173 130 88 73	21 14.2 10.1 14.9 6.0	158.2 21.8 28.7 -41.0 24.7	19.5 22.1 11.0	503 1,365 4,868 145 34	31.7.87 31.12.87 31.12.87 30.6.88
160 (-) Marking (A. &. 161 (421) Brent Chemicals 162 (481) Microfilm Repr 163 (476) Senior Engineer	Jacops	86.9 86.8 86.5 86.0 85.8		356 403 275 341 205	70.6 21.5 144.1	57.0 8.7 104.1 57.2 233.4	19.6 31.2 38.4 47.1 6.0	9.1 9.3 9.6 8.1	7.5 7.6 7.5 7.3	65.2	95.6	901 238 3,318 2,454 7,524	31.12.87 30.6.87 31.12.87
64 (-) Alited Textiles. 65 (491) Lew (William). 66 (461) Trinity internati	mail 19046495	85.8	193	341 205 334	144.1 84.2 247.3	83.7	7.7	9.6 8.1 11.5	7.5 7.3 9.8	27.9	21 23 328	2,454 7,524 2,357 5,106 3,960	30.9.87 05.9.87 26.12.87 31.12.87
/U (=) L.M. WUGUING	neal Rollings	85.7 85.6 85.5 85.4 84.9	141	287 399 307	127.6 22.8 110.0	90.6 21.7 55.9	41.8 51 96.7	11.5 18.8 11.4 4.7 9.3	9.8 11.2 9.5 18.6 4.3	17.0 -3.9 20.1 125.3 116.0	34.1 9.1 39.1	2,658	29,2,88 31,12,88 02,4,68
77. (-) Ruckware Group 172. (-) Amari 173. (499) Polyptoe 174. (466) Tyndall Hubling 175. (-) Hoge Robinson (176. (-) Enade Group 177. (-) Alexan Group		84.8 84.2 84.0 82.1 82.1		262 210 395	161.5 235.8 26.9	144.4 178.1 16.3	岩	92 73 47 66 127	4.7 6.1 2.2 0.3 11.7	97.0 20.3 113.4	17.7 16.1 74.7	1,899	27.12.87 31.12.87 30.6.87 31.12.87
75 (-) Hogg Robinson (76 (-) Exode Group	Gordon Mink	82.1 80.1 80.1	42 701 111	324 358 226	95.B 70.0 207.3	96.8 56.2 176.6	10.4 20.1 17.3	12.7 9.5 12.2 0.8 8.1	54 6.9 7.5 0.3 6.1	85 373 624 166.7 327	23.4 65.3 29.3 4.6 19.0	1,659 3,375 1,852 4	31.3.87 26.9.87 26.3.88 31.12.87 • 31.12.87
79 (393) Tops Estates	P	80.1 80.1 79.6 79.4 79.1	191 191	357	70.4 32.6 49.3	64.6 24.1 36.0	89 853 12.0	0.8 8.1 7.4	63	166.7 32.7 75.8	4.6 19.0 42.6	1,936 1,936 108 404	3L.1.00
R1 (498) Trencherwood 82 (358) GT Management 83 (-) Town Centre Sci 84 (-) Anglia Trientsio 85 (-) Faintetar		79.0 78.9 77.1 77.1 76.7	74	385 380 338 396	49.3 86.9 26.6	75.2 15.6	12.0 15.4	7.4 12.8 3.3 12.0 8.6	42 130 30 85 45	75.8 -1.4 10.0 41.1 92.1	42.6 38.9 6.2 35.8 ‡63.1	876 67	31.10.87 31.3.88 30.6.87 31.10.87 • 31.3.88
196 (-) Seutalis 197 (-) Tilbury Group 198 (-) International Se 199 (-) Middenmour Leb 190 (407) Westland		76.5 76.1 75.9 75.8 75.5	14 21 61 67 61 61 61 61 61 61 61 61 61 61 61 61 61	354 279 390 402 168	71.5 140.2 29.0 17.5 381.6	108.4	5.9 29.3	4.8 • 8.9 5-3 2.3 34.4	3.8 5.3 1.9 1.1 26.3	25.2 68.7	20.9 24.1	1.586 2.179 464	30.1.88 31.12.87 • 31.12.87 30.9.87
190 (407) Westland 191 (447) MBS 192 (419) Scottish Haritab		75.5 75.4 74.8	25 20 27	168 261 337	136.1 88.1	344.4 106.8 69.7	128.8 10.8 27.4 26.4	34.4 5.2 10.0	26.3 1.6 6.2 2.8 1.5	226.6 61.3 296.4	34.7 28.0 18.8	9,231 890 2,372 241 422	30.9.87 30.9.87 31.12.87 31.12.67
91 (447) MBS	10055		n n	392 393 284	28.3 28.3 133.6	11.6 21.7	30.5	5.2 10.0 11.1 3.4 3.4	2.8 1.4 1.6	116,8	18.8 10.1 40.2 22.3	5/0	30.9.87 31.7.87 31.12.87

P	COTNOTES TO THE UK TOP 500 LIS	ST
- ROCE based on shareholders' funds after tharping interest on loan capital not, stated sparately. - ROCE based on capital not, stated sparately. - ROCE based on capital not, stated sparately. - ROCE based on capital employed at year-end Previous year's figures adjested for accounting changes. F - ROCE on capital employed at year-end. - Parent company's accounts. y - employees at Year-end. - ROCE not available. - see footnotes. - a ROCE not available. - see footnotes. - a ROCE not available. - a see footnotes. - a ROCE not available. - a see footnotes. - a se footnotes. - a see footnotes. - a see footnotes. - a see footnotes. - a see fo	1006 figura. 200 Neuten Opem, mis year's Squires for 18-month period; change of year-and to 3079/07. 200 38 here forman, rigorous prepared escounting of merger-accounting principles; ROCE beaution and according to merger-accounting principles; ROCE beaution of the principles of year, 200 Cartenes, torrowry Corteas, Cappella, Cappella, employaes — 1906 year-and. 207 Law & Beauty, State Square-and. 207 Law & Beauty, Cappella, employaes — 1906 year-and. 207 Law & Beauty, State Square-and. 207 Law	pared according to merger-accounting principles; ROCE brand on capital employed searching Peetisses pits delicitive at beginning facilities to Ltd Including Peetisses pits delicitive at beginning facilities to Ltd Including Peetisses pits delicitive at beginning of peetis providing for release, tax minority interness and transfer in the peetis providing for release, tax minority interness and transfer in some reserve. 407 ASW Heldings, stock accidence listing 20056 accounts are pro forms. 45% Level Leveling Roces, figures presented scoording to marger-accounting principles; Roce beased on capital employed assuming morper with Westing Properties Ltd. Basedon Securities Ltd said Selfmonto Greup of companing effective a beginning of year, 45% Wanahey Reven, temperify Gra Groost figuras prepared according to marger-accounting principles; ROCE colorialed on capital employed assuming acquantion of Westing Properties and Companies of the Colorial Ltd. 479 Helden, 1998 Sparse are for 53 weeks to 24% at 82 Accounts to 1997, Account of the Colorial Ltd. 479 Helden, 1998 Sparse are for the monitor to 317/407. 425 Glophers Properties, employees — 1984 year-end. 441 EST; Rigures properties, employees — 1984 year-end. 441 EST; Rigures properties, employeed assuming merger with Graesser Laboratories Ltd. effective of togetholing in year, 442 Helden, Maching Holdings, reverse taxouver of PRW Machinists by Haden 1987, Accided the Accided to 1997, Accided the Accided to the Accided to 1997, Accided the Accided to the Accided to the Accided to the Accided to the Accided accounting principles; ROCE based on capital employed assuming merger with Kas Satista Gross Ltd. Accided to the Accided to the Accided accounting principles; ROCE based on capital employed assuming trapetioning to the Accided to the only accounting principles; ROC

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	Biggest profit increa	ses (UK)		Biggest profit decreases (UK)						
Rank	Company	Sect.	Top 500 rank	% Profit	Rank	Сотрану	Sect.	Top 500 rank	% Profit decrease		
1	Howden Group	561	(411)	7083.1	1	Midlend Bank	112	29	-216.4		
2	Clyde Petroleum	213	(254)	850.0	2	Standard Chartered	112	105	-207.8		
3	London & Scot Marine OII	213	(115)	800.0	3	British Aerospace	523	89	-187.4		
4	WPP Group	475	(245)	702.5	ă.	Triton Europe	212	316	-97.5		
5	imry Merchant Developers	181	(291)	619.1	5	NSM	631	322	-87.1		
6	Goal Petroleum	213	(362)	316.2	6	Harris Queensway Group	491	181	-66.3		
7	Cannon Street Investments	591	(338)	303.0	7	Lloyds Bank	112	27	-64.6		
8	National Home Loans	122	(493)	296.4	8	Barclays	112	11	-62.1		
g	Haden Mactellan Holdings	591	(442)	291.1	ā	Davy Corporation	561	352	-48, t		
10	Norfolk Capital Group	461	(332)	268.3	10	Oxford Instruments Group	552	394	-43.1		
11	United Scientific Holdings	521	(415)	244.9	11	Beristord S & W	451	121	-41.0		
12	Landlelsure	161	(283)	238.1	12	London United Investments	181	459	-41.0		
13	Blue Arrow	481	(109)	234.8	13	Gerrard & National	121	400	-37.8		
14	Yale end Valor	591	(169)	228.6	14	Finlay (James)	512	450	-34.6		
15	MBS	551	(491)	226.6	15	ABB Kent Holdings	541	499	-34.4		
16	Barker & Dobson Group	493	(370)	225.3	16	Netional Westminster Bank	112	13	-30.4		
17	Falcon Industries	591	(315)	221.6	17	Morgan Grenfell	121	159	-26.9		
18	BOC Group	622	(38)	208.2	18	Bridon	561	417	-26.0		
19	Carless	213	(260)	206.8	19	Sedgwick Group	142	107	-25.4		
20	Britannia Security Group	406	(398)	199.3	20	Paterson Zochonis	431	302	-21.3		
21	Brent Walker Holdings	461	(252)	188.9	21	Jaguar	401	150	-19.7		
22	Clayform Properties	181	1425)	181.2	22	Willis Faber	142	132	-16.6		
23	Regallan Properties	161	(280)	176.2	23	Kleinwort Benson Group	121	151	-18.4		
24	Countryside Properties	814	(395)	167.4	24	Simon Engineering	561	301	-15.7		
25	Toos Estates	161	(479)	166.7	25	Portale Holdings	652	324	-15.8		

Barclays Bank: up from 17 to 11

Ahead again with a triple-A

ON THE face of it, there is a quick and easy reason why Barclays Bank has risen up the league table when most other large banks have gone down.

Last spring it made a £920m rights issue - the largest ever by a UK company - which boosted its market capitalisation by a £520m of the largest ever by a UK company - which boosted its market capitalisation by a £520m of the largest every specific by a £520m of the largest every specific by the largest ever

boosted its market capitalisa-tion by a third.

But the big capital injection was itself an indication of a rising trend at Barclays, which is battling to regain its position as the UK's top clearing bank. And its efforts achieved some reward five months later, when Standard & Poor's, the US credit rating agency, restored its prized triple-A status, put-ting it in a select group of only five European banks with that qualification.

Mr John Quinton, who took over as chairman 18 months ago, said the S&P upgrading was "a very welcome recogni-tion of the group's return to full strength both in our capi-tal base and profit perfor-

Barclays slipped from the top spot in the mid-1980's when, as a result of strategic blunders in markets like the US, and muddled management, it fell behind the better organised National Westminster Bank both in size and profit terms, This provoked some profound soul-searching in Barclays' Lombard Street head-



Mr John Quinton: eiming for a dominant role in Europe

quarters, which resulted in the adoption of a much more

aggressive style.
Since then, Barclays has mounted the classic comeback.
Under Mr Quinton, it has started to reshape its international operations by cutting back its US retail presence, but expanding its services for international corporate customers where it sees greater profit potential.

In the UK market it has also been going much harder after the husiness of private customers and smaller companies, in the latter case hy opening up more than 350 "business cen-tres". Although it still lags behind NatWest in terms of its UK loan book, it has the largest share of the personal bank-ing market, and the largest credit card operation by far.

On the investment banking side, the subsidiary Barclays de Zoete Wedd, which it crested at the time of the Big Bang in 1986, has emerged as one of the major forces on the City scene, particularly in the securities markets.

All this has been accompan-

All this has been accompanied by plans for a comprehensive performance-related pay scheme for all of Barclays' 80,000 staff, one of the largest schemes of its kind in the UK.

Mr Quinton's great drive forward began to show results in the first half of this year, Prof-

its were up 17 per cent before tax to £618m, and assets rose by a like amount to £99bn. But this still left Barclays some way behind NatWest (profits of £702m and assets of £103bn). And since its rights issue, Bar-And since its rights issue, Bar-clays' profitability, measured in terms of return on capital, has declined, which suggests he still has a big task ahead. The coming period is likely to be tough for other reasons,

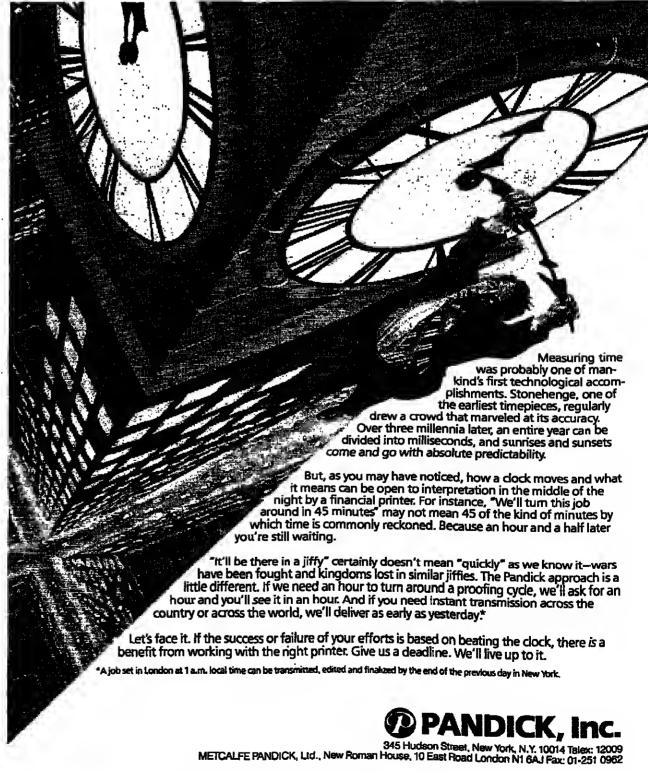
too. The recent sharp rise in UK interest rates will dampen down loan demand, and with it a major source of Barclays' business. The move towards business. The move towards longer hank opening hours and the payment of interest on current accounts, initiated by Lloyds Bank this autumn, will oblige some kind of response from Barclays which will eat into profit margins.

Further ahead, Barclays is also considering the implications of the move towards a

tions of the move towards a unified European market in 1992. Mr Quinton has already made it clear that he wants to see Barclays playing a domi-nant role in Europe, and he helieves his hank has the resources to go ahead on its own. However, his executives say that Barclays will target specific markets rather than adopt some grandiose plan.

David Lascelles

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FT TOP 500 SECTOR & COMPANY PROFILES

The UK construction sector

Ratios fail to reflect optimism

IT HAS by any yardstick been a magnificent year for con-struction companies in Britain. With a month of the year to go, construction output is up by about a tenth. Most order by about a tenth. Most order books are full; profits are st record levels; and house prices, despite slower rates of growth this autumn, will have risen by about a third this year.

about a third this year.

The 18 construction companies in the UK Top 500, in the year to June 30 1988, increased pre-tax profits on everage by more than 42 per cent. Since then companies like Tarmac (49th) have announced a 50 per cent increase in pre-tax profits for the first six months of this year; Wimpey (122nd) a 40 per cent increase in interim prof-its, and Costain (138th) a 41 per ceot increase in half-year prof-

Despite this, most of the country's best known construc-tion companies and hullding material suppliers command only single-figure stock market ratings. Price-earnings ratios

for many husinesses are at their lowest since spring 1985. Some companies have taken advantage of the sharp fall in share prices to buy stakes in rival construction groups. P&O, which owns Bovis, the construction management, property and housebuilding group, for sxample, has acquired a 10 per ceot stake in Taylor Woodrow, the UK con-

struction and property group. So, have stock market ratings of construction and build-ing material companies sunk too low? The extent of the fall in share prices suggests that many investors fear the construction cycle is be about to move from a classic boom -UK construction output has increased every year since 1981

 to a classic bust.
 According to brokers, current ratings of some house. huilders, of between five and seven times prospective earnings, imply a sharp fall in 1989 pre-tax profits. Few hrokers, however, expect this to hap-

Most forecast slower, more modest increases in UK house-building profits next year. Total construction output, including maintenance and improvement work, is still forecast to rise hy about 2 per cent

next year. Construction companies and building material suppliers say the current economic climate is very different from that of 1974 or 1981, the last two occasions when house prices fell in real terms.

They say gross domestic product fell in 1974, 1975, 1980 and 1981; while real earnings fell during the first half of 1974. again at the end of 1981, and

of 1982.

By comparison, gross domestic product during the first six months of this year rose at an annual rate of 4 per cent, real earnings by 4.5 per cent, and capital investment by industry and commerce by almost 10 per cent. This should help underpin any softening of the construction market next year assuming the economy makes the soft landing forecast by the

At the moment, most eco-nomic forecasters predict slower growth next year in out-put and real earnings. None so far is predicting a fall, which would mean a recession.

The key to construction industry prospects will be movements in UK interest rates. Rises in mortgage rates and the ending of multiple mortgage interest rate tax relief on August 1 dented new house sales earlier this autumn, although sales and reservations recovered in Octo-

Higher interest rates will also place at risk private investment in offices, ware-houses, factories and shops. Already there is concern for the future of central London offices, should financial services companies continue to trim their operations in the wake the stock market crash. Builders, on the other hand, point to an upsurge in demand for housing and commercial property in regions outside London and south-east England, which they say should compensate for any fall-off in demand in the south-

Demand for repair, mainte-nance and improvement is also likely to remain high, and should help to smooth out any fluctuations in demand for new building. Repair, maintenance and improvement accounts for about 40 per cent of UK construction output, and generally has been unaffected by previ-ous downturns in the construction cycle.

There are signs of nervous-ness among some house-huilders which have started to offer part exchange deals and mortgage subsidies, in a bid to England.

Most construction companies remain confident that increases in real earnings and lower unemployment will offset any loss of confidence through higher interest rates. But they are not above hedging their bets by introducing sales locentives, which have not been seen in the British housing market for several years.

Addi	tions	to ti	ne UK Top 500			Depar	tures	from	the UK Top 500		· · ·
Company	This Rank	SR	Сотралу	This Rank	SR	Company	Lest	SR	Сотралу	Last Rank	SF
		306	Hollis	444	591	ASDA/MFI Group	(36)	493	Brown Boveri Kent	(425) (428)	541 551
FKI Babcock		563	Colored Trust		161	Britol	(67)	213	Systems Designers	(428)	001
London Forteiting		121	Grainger Trust	448	122	Octopus Publishing Group	(166)	652	Tricentrol	(430)	213
Ami Hsaitheare		434	Muskley (A. 9. 1) Group	460	181	Hill Samuel Group	(169)	121	Boass Massimi Politt	(434)	475
		161	Mucklow (A. & J.) Group	400		Contibel Holdings	(177)	122	Bodycote Internationel	(448)	412
Landisisurs			Allied Textiles		412		(193)	492	Yorkshire Television	(449)	474
Proudloot (Alexander)		566	Sovereign Oil		213	Freemans	(201)	151	PM Group	(450)	571
Felcon Industries		591	C.H. Industrials		591	Equity & Law Life Ass Soc	(217)	142	Country & New Town Properties .	(455)	161
N5M		631	Rockware Group		591	Minet Holdings	(222)	122	Honkinsons Holdings	(456)	572
Persimmon Group	. 351	814	Amsri	472	634	Mercantile House Holdings	(223) (227) (250)	563	Powerscreen International	(457)	541
Goal Petroleum		213	Hogg Robinson & Gardner Mountain		142	Babcock International	(227)	142	N.M.C. Investments	(459)	652
UK Paper	375	652	Evode Group	476	591	Stewart Wrightson Holdings	(250)		Eucalyptus Pulp Mills	(487)	652
Rendsworth Trust	378	181	Alexon Group	477	411	Hogg Robinson Group	(251) (258)	.142	Owners Abroad Group	(488)	461
Eagle Trust		591	Austin Reed Group	480	491	Crowther (John) Group	(258)	412	Whetman Reeve Angel	(469)	652
Davis, Godfrey	. 381	591	Town Centre Securities	483	161	FKI Electricals	(275) (295)	563		(473)	541
Ruberoid	. 397	811	Anglie Television	484	474	Guthrle Corporation	(295)	171	Sound Diffusion	(474)	631
A.B. Electronic Products	399	551	Fairbriar	485	814	Guthrle Corporation	(295)	171	Hyan International	(477)	412
Huntingdon Internetional	404	591	Bentalis		491	Electronic Rentals Group	(298)	. 461	Illingworth Morris	(485)	161
ASW Holdings	407	633	Tilbury Group		613	Abaco investments	(312)	122	Markheath Securities	(486)	622
Howden Group		561	International Business Comm	488	472	MK Electric Group	(314)	541	MTM	(487)	412
Wembley Group		461	Midsummer Leisure		461	Brown (Metthew)	(345)	421	Sirdar	(488)	451
Astra Holdings		622	Shandwick	494	471	Rivin	(364) (372)	161	Hughes Food Group		122
Asda Property		181	Wace Group		471	Lee International	(372)	461	Cater Allen Holdings	(490)	561
Hartwell		573	Black (Peter)		591	Cembridge Instruments	(379)	541	EIS Group	(493)	
Welker Greenbenk		591	Erskine House Group		534	WPP Group	(392)	475	Beattis (James)	(494)	491
Johneon Group Cleanere		406	Expanet International	498	591	Dares Estates	(395)	161	Molins	(495)	572
Haden Maclellen Holdings		591	Tibbett & Britten Group	500	406	Armstrong Equipment	(412)	571	Connells Estate Agents	(497)	406
UK profitability: FT 1				0.00		WPP leaps 147	plac	ces t	ру		

UK profitability: FT Top 500 £ 141.7 \$2,90.9 Homebuilding ' Printing. Real Estate Construction Chemicals (Diversified) Investment Companies Entertainment & Leisure / Price Restaurants & Hotels Machinery (Composite) Broadcasting Media Figancial Services Diverse Industriat (Manuf.) Bullding Materials Auto Parts/ Tyre & Rubber Good Diversified Consumer Services Containers (inc. Fabricated Metal) Retail - Grocery Chains Paper & Paper Products: Drugs/ Hospital Supply & Might Wholesale, Nondurables Beverages Retail - Misc. / Speciality Drug Heavy Engineering ...

8

June 1987 to

June 1988

Agrospace / Defence /

Mining & Extractive Inds. (Co Apparel / Textile Products Forestry Products

Diversified Holding Companies
Retail - Dept. Store / Gen. Merce Peiroleum Products Health Care Food Processors Insurance - Multime

A-Z LIST OF THE UK TOP 500

Tslephone Networks

Electrical Equipment

Financial Institutions: "

Communications & Office Equip

Insurance - Life / Agents & Broke

Catching the bull's tail

WITH A 1099 per cent increase in turnove with A lies per cent increase in thinver and a 703 per cent surge in profits, WPP has clearly been going places over the last year. This is reflected in the FT500 table, which shows the former manufacturer of supermarket trolleys as the UK's 245th biggest company — a leap of no fewer.

than 147 places.

Mr Martin Sorrell, the chairman, is regarded as a financial structurist of rare

regarded as a imancial structurest of rare ability, a one-man corporate finance department; and the above statistics reflect his ingenuity and ambition.

Of course, organic growth alone could not have generated increases on such a scals: they are due to WPP's \$566m purchase of J.Walter Thompson, one of the world's largest advertising agencies, in June last year. June last year.
The transatlantic bid, pitched as it was

The transatiantic bid, pitched as it was for a vastly higger company, was very much a product of the tail-end of the buil market in equities. And, despite much admiration for Mr Sorrell's financial pyrotechnics, the £213m rights issue which followed the JWT takeover flopped, with a take-up of just 35 per cent. Worse was to come: with Black Monday, the shares took a spectacular nose-dive, falling from a pre-JWT peak of £11 to a low of 300p.

While this was happening, Mr Sorrell was facing trouble on the home front. Everywhere there were rumours of chent and staff defections. Now and then, these crystallised into fact — as in September last year, when JWT lost the giant Burger King account; or in March of this year when six top executives walked out from the Lord Geller Federico Einstein, a small Madison Avenue agency which held the



Mr Martin Sorrell: a financial structurist

incrative IBM account with hillings of \$125m. As they attempted to set up a new agency with the help of Young & Rubicam, they found themselves confronting a wel-

they found themselves computing a wel-ter of litigation.

Despite these troubles, Mr Sorrell was clearly progressing towards his goal of-bringing JWT's performance into line with that of other large advertising agencies.

reflected in 1987 profits figures, which came out in March and included a five-month contribution from JWT.

month contribution from JWT.

At £14m, the pre-tax result was substantially higher than most analysts' estimates, and margins crept upwards from 5 to 6.5 per cent of revenues: far short of the industry average of 10 per cent. The reflection that there was lot to look forward to helped resuscitate the shares somewhat, and they now stand at almost 600m twice.

helped resuscitate the shares somewhat, and they now stand at almost 600p, twice their post-crash low.

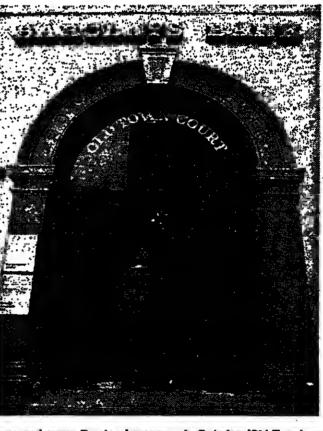
WPP's appetite for acquisitions was as insatiable as ever, despite this fact that this year it has been a lot harder to finance purchases with share-issues.

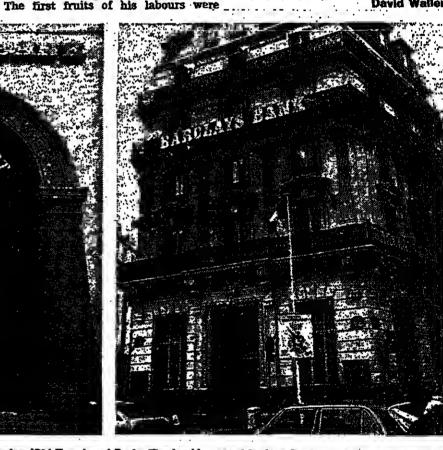
Another handicap was the balance sheet — which showed negative net worth at the year-end, as a result of the goodwill element in the JWT purchase. This did not stop WPP buying first the US hispanic agency Mendoza for \$10m; then Anspach Grossman Portugal, also in the US, for \$12m; and then, in April of this year, the Henley Centre, an economic forecasting and consultancy company for which WPP and consultancy company for which WPP paid £18.55m.

paid £18.55m.
There were two other smaller purchases in April, but the autumn months appeared to promise bigger things as WPP held extensive talks with Charles Barker, the advertising, public relations and recruitment group. In the event, these came to

nothing.

Mr Sorrell believes that WPP now commands a mere 1 per cent of the world marketing services industry. So, after one busy year, there is clearly a lot more to do.





Home and away: Barcleys' presence in Swindon (Old Town) and Paris. The bank's ascent is described on page 7 of this survey TOP 100 UK INVESTMENT TRUSTS BY MARKET CAPITALISATION

ASSV Holdings 407	Gannon Street Investments 338	Hampro Countrywide	Mackjow A. & J. Group 250	Smiths Industries
Appen Life 95	Canon Street Investments	Hambros	Myson Group 294	Southend Property 3
Acajos and Hutcheson 360 Advest Group	Carles Communications 260	Hammerson Property 85	National Name page 497	Sovereign Dil
Advest Group 388 4 Ir son Group 477 Allied Cottoids Group 198 404 4 It son Group 477 Allied Cottoids Group 198 404 4 Illied Lyons 21	Cartral Independent TV 345 Central Independent TV 345 Charter Consolidated 179 Charter Consolidated 179 Charter Genous 346 Orrisities International 298 Church (Charies) Ders 427 Clayforn Properties 425 Uyde Petroleum 254 Callie Genous 200	Harris Overnsway Group	National Westminster Bank 13	Spirax-Sarco Engineering
Allied Cotloids Group . 198	Charter Consolidated 179	Harrisons & Crosfield 101	Newarthill	Spring Ram Corporation
Allied Textiles 464	Chesterfield Properties 321	Hartwell 434	Newman Tooks Group	St Ives Group Z
4llind-Lyons 21	Chlaride Group	Mawker Siddeley Group 91	Next	Stakis Standard Chartered Staveley Industries Steed & Simpson Steetley Streetley Streetley
amari	Church (Charles) Deer 427	Heath C F	Nortros 154 Norfolk Capital Group 332 Northern Engineering Indus 262 Northern Foods 124	Stateley inchestries
Amerikam International 248	Clayform Properties	Henderson Administration Grp317	Norfolk Capital Group	Steed & Simmon4
Ami Healthcare	Clyde Petroleum 254	Hepworth Ceramic Holdings 160	Morthern Foods 124	Survey 1
Amstrad 05112mA	Coalite Group 202	Hestair 314	Norton Opax	Storehouse
Anglia Television	Coates Brothers 267	Hewden-Stuart Plant327	Nu-Swift Industries347	Sturge Holdings 3 Sun Aillance & London Insur, Sun Life Assurance Society 1 Soler Z
Ambacher (Henryl Holdings 325	Colling Darillians & South 232		Nurdin & Peacock	Sun Alliance & Longon Insur,
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Add Croun	Commercial Union	Hickson Interestional 27b Higgs and Hill 374 Highland Distillers 391 Hitsdown Holdings 777 Hogg Robinson 333 Hogg Robinson & Gardner Mount 453 Holls 444	Ocean Farsport & Frailing 205	T&N 1 TIGroup 1 TSS Group 4
Asda Group 44 Asda Property 424 Ashley (Laura) 236	Consolidated Gold Fields	Hirisdown Holdings 77	Parkfield Group305	TI Group 1
Ashicy (Laura)	Cookson Group 90	Hagg Robinson 333	Paterson Zochonis302	TSS Group
4sprey 340		Hogg Robinson & Gardner Mount 473	Peachey Property Corporation 250	TV-AM4
Associated Brilish Foods 58 Associated Brilish Poets 161 Associated Newspapers Hidgs 125	Court wide 71	Home Robert	Person S7	Tree & Lordo
Associated Nowspapers Hides 125	Cowie (T)	Howcen Group 411	Peri Haldings	Taylor Woodrow
Assa Holdings	Cray Electronic Holdings 286	Hunting Associated Industries 446	Peatland Industries 184	Telephone Rentals
Atlantic Computers	Crest Nicholson 299	Hantiegeon International 405	Perus	Television South
At twoods	Croga International	therest labourer 194	Persimmen Group351	Tesco Stores (holdings)
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Automated Security (Holdings) 276	Daejan Holdings 281	Imperial Chemical Industries 5	Plikington Brothers	Thora Emi
Avis Europe	Daily Mail & General Trust 210	IMI I28 Issack Johnsen 196 keland Frozer Foods Hidgs 373 Imperial Chemical Industries 5 Immy Merchant Developers 291	Pear Group	Tibbett & Britten Group
Avon Rubber	Dalgety 116	Inchespe	Plessy 78	Tilbury Group4
3 5 G International368	Days Composition 381	International City Hoteless AST	Piessey 78 Polly Peck International 141 Pollypipe 477 Portals Holdings 324 Powell Outfryn 244	Technole
BAT Industries 7	Dawson international	International City Holdings457	Portals Holdings	Torricin F.H.
SSA Group 199	Oe La Rue	Januar	Powell Ouffryn 244	Toolal Group
Avis Europe	Countryside Properties 395 Countryside Properties 395 Countaight 71 Cowlet (1) 349 Cray Electronic Holdings 286 Crest Nicholson 299 Croda International 221 ORG 162 OR	Johnson Group Ceaners 437 Johnson Matthey 153 Kennedy Brookes 272 Kjelmeon Berson Group 151 Kwik Save Berson Group 147 Kwik,-Fit Holdings 287 WC Childings 357	Powell Outfrys 324	Thomson T-line 3 Thomson T-line 3 Thom Emi
	Della Group	Kennedy Brookes	Property Security Invest. Tst 342	Town Centre Securities4
ROC Group	Devenish J A	Yell Saw Group	Project Calesander	Tozzy, Kerstey & Milbourn
BOC Group 38	Disons Group 119	Kwik-Fit Holdings	Prudential Corporation	Trafaloar House
BSR international	Dotson Park Industries 429	LWT (Holdings)	Queens Moat Houses	Transport Development Group 2
RTP	Dowly Group	Lathroke Group	RMC Group 97 RTZ Corporation 20 Racal Electronics 35	Travis and Armoid 3
Bairo (William)		Laing (John)217	RTZ Corporation	Tranche wood
Bark of Scotland	Ende T1 208	Lates Group	Prime Industries	Trinkly international Holdings, 4 Trian Europe
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Barclays Barker & Dobson Group	Erness Lighting	Lancielsere 293	Rank Organisation	Tyndali Holdless
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Bass 25 Rearer C H Holdings 148	Errect Lighting 385 Ernels Lighting 385 Ernels Stores Bradford 433 Seglish China Clays 92 Enterprise 0il 63 Erskine House Group 497 Elam 295 European Home Products 308 Eurotherm International 419 Furnet Medicines 749	Land Securities 293 Laporte Industries 135 Layrence (Walter) 475 Legal & General Group 60 Leg Group 361 Leg Service Group 188 Llegal Back 27 Local London Group 412 Local London Group 412	Ransomes, 51ms & Jefferles 455	UK Paper3
Rearer C H Holdings 148 Beecham Group 18	Enterorise OII	Legal & General Group	Pendicus International 470	Ultramar
Ar Lam Groun	Fram 205	Ley Service Group 188	Recklitt & Coleman 61	Uniterer
Beihasen 449	European Home Products 308	Licyds Bank	Redland 81	Uniferer Uniferer Union Discount (Leadon) 4
Bentalis	Eurotherm International 419	Local London Group412	Reed Executive	United Bisoults 4
Berisford 5 & W 121	Evered Holdings 263	London & Edinburgh Trust242	Ref International	United Biscuits
Berneley Group	Europe Group	London & Manchester Group 206	Recolian Properties 280	United Friendly Insurance
Blemid Gualcast 31.5	EKI Rabeset 179	London & Metropolitan 431 London & Scot Marine 0 il 115 London Forfatting 253 London International Group 194 London Merchant Securities 223	Rentokil Group 177	United Newspapers 10
Risch LPeterl. 496 Plachwood Hadge 451 Blue Arrow 109	FR Group	London & Scot Marine Oil 115	Reuters Holdings	VG Instruments VSEL Consortium
Plackwood Hodge	Fairbriar	London Forfalting 288	Robinson (Thomas) Group 408	VSEL Consortium 3
Blue Arrow 109 Blue Circle industries 83	Falcon Industries 315	London International Group 194	Rockware Group	Vaux Group
Bud Circle Industries 83	Farnell Electronics	London Shon	Rosehaugh 157	Vissia Grano
Blue Circle Industries 83 Boddington Group 313 Body Shop International 230	Eurotherm International 419 Everet Holdings 263 Evode Group 476 Eupamet International 498 FKI Babcock 139 FK Group 297 Fairbriar 485 Falcon Industries 315 Farnell Electronics 257 Ferguson Industrial Holdings 468 Fernant International Signal 129 Fine An Developments 285	London Sincp 356 London United Investments 457 London United Investments 457 Lovel V. J. Holdings 344 Love & Bonar Group 277	Resolute International 410	Virgio Group
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Sects 36 Bowater Industries 158 Bowtherpe Holdings 237 Bradforo Property Trust 275 Brake Brothers 426 Brammer 422	First Leisure Corporation 278	Low & Benar Group 277	Hoyal Bank of Scotland	Waddington Uphn)3.
Bowingroe Holdings	First National Finance	Low Housel-Coint & Galf 330	Principal of the second of the	Water C. C.
Grand Property 1715t 275	Flance TAIDETU 180	Lune Industrial	Ruchy Grain	Warburg S.G. Group 1 Ward Holdings 4 Ward White Group 1
Brammer 420	Fluca Lovell	M & G Group	Rutland Trust	Ward White Group
Reent Chemicals International 461	Foseco Minsep	Low (William) 465 Lowe Howard-Spink & Belf 130 Lucas Industries 94 M & G Group 224 MAI 212	Royal Rank of Scotland 87	Wardle Storeys
Report Waller Holdings 252	Freshbaire Foods	MEPC 491	SIC 59	Warner Estate Holdings3
Bridon418	Frogmore Estates			Warnford Investments 3 Wates City of London Prop 2
Britannia Arrow Holdings 234	GKN 110	Magnet 167	Sainspury J	Wates Dity of London Prop 2
Britannia Security Group 348	GPG	Marks and Spender	Sandal Daeplar	Well Group 3 Welkame 4
British & Commemeratth Higgs . 106	GAR! 300	Al reshalls Halllax	Sanov Hotel 149	Wembler Grant
British Aerospace 89	General Accident 47	Marston Thomoson Evershed 387	Scapa Gropp 253	Westbury
Britannia Arrow Holdings 234 Grizannia Security Group 348 Britannia Assurante 243 British & Commonwealth Hiogs 104 British Aerospace 39 British Airways 79 British Airways 79	General Electric	Matthews (Bernard)	Schroders	West land4
	Gerrard & National 400	Maxwell Communications Corp 65	SCORTIST & Newcastle Brewerles 76	Westpool Investment Trust 3:
Seitish Land	Ficca Lovell 247 Foseco Mimep 264 Fresthalte Foods 414 Frogmore Estates 319 GKN 110 GPG 290 GT Management 482 Geest 300 General Accidem 47 General Electric 15 Gerard & National 400 Gesteure Holdings 323 Glazo Haddings 56	McAlpine (Alfred)	\$U-Scicon	Werbley Groop 4 Westbory 3 West Lind 4 Westborol Investment Trust 3 Whitbroad 4 Whitbroad 4 Whitbroad 5 Whitbroad 5
	Gizza Haldings 6 Glymwed International 146 Goat Petroleum 362	McLartry & Store	Scottish Metropolitan Preps 354 Sears 41 Securicor Group	Wenteron
Religh VIII	Cost Detectores 140	Mars I ekure 260	Securitor Groups 221	Wickes 3 Williams Holdings
Briston Estate 227	Grainger Trust	Meccutt Holdings 339	Security Services 2014	Willis Faber
Brown LH Group		Megzies John (Holdiess) 282	Sedgwick Group	Wilson (Connolly) Holdings 19
	Gramgian Holdines 403			The state of the s
Bryant Group	Grampian Holdings	Metal Box	Senior Engineering483	Wissa Bowsen 30
Brilish Curcos	Grangian Holdings	Metal Bor 113 Meyer International 183	Security Group 231 Security Services 224 Sedgwiek Group 107 Senior Engineering 463 Shandwick 494	Wissa Bowten 3
Butmer H.P. Holdings 423	Granda Holdings 403 Granda Group 99 Grand Metropolitan 14 Grant Portland Estates 144	Metal Box 113 Meyer International 183 Microfilm Reprographics 462	Senior Engineering 463 Shandwick 494 Shell Transport & Trading 3	Winney (George) 12 Wolsnley
Bulmer H. P. Holdings	Grangian Holdings 403 Granda Group 99 Grand Metropolitan 14 Great Portland Estates 144 Great Universal Stores 26 Green Will Whites 200	Metal Box 113 Meyer International 183 Microfilm Reprographics 462 Microfilm Reidings 150 Mistrographic 150 Mistrographic 150	Senior Engineering 453 Shandwick 474 Shell Transport & Trading 3 Shevaton Sees International 406	Wilson Bowden 3 Winney (George) 12 Wolsteley 2 Wolverhampton & Dudley Brews 2
Bulmer H. P. Holdings	Grampiae Holdings 403 Granda Group 99 Grand Metropolitan 14 Great Portiond Estates 144 Great Holderial Stores 26 Greenall While 209 Greenal While 209 Greenal While 209	Magnet 167	Senior Engineering 46.3 Shandwick 494 Shell Transport & Trading 3 Sheraton Secs International 406 Siete 120 Signa Engineering 501	Wilsos Bowden 33 Wilmpey (George) 12 Wolserley 2 Wolverhampton & Dudley Brees 2 Wostworth Holdings 2
Bulmer H.P. Holdings 423 Bunzi 130 Burmah Oli 93	Grangian Holdings	Metal Bar 113 Meyer International 183 Meyer International 183 Mecrofilm Reprographics 462 Metrogen Holdwigs 450 Middland Bank 29 Middland Bank	Senior Engineering 463 Shandwick 494 Shell Fransport & Tracing 3 Shevatan Sets International 406 Siege 120 Singon Engineering 501 Singor & Friedlander Group 283	Williams Holdings II Williams Holdings II Williams (Connolly) Holdings II Wilson (Connolly) Holdings II Wilson Bowden II World II

Rank	Investment Trusi	Market capital £m	Share- holders funds £m	% Dis- count	Rank	Investment Trust	Market capital £m	Share- holders funds Sm	% Dis-
1	Globe		982,069	23.0	51	Tribune	87,638	112.555	22.7
2	Foreign & Colonial		746.139	24.6	52	Murray Smaller Mrkts	86 265	110.104	21.7
3	TR Industrial & General		624,450	18.4	- 53	English & Scottish	82.347	105,726	22.1
4	Edinburgh investment		817.782	25.3	54	Fleming American	. 8D 799	128.521	21.3
5	Alilance		550,048	24.8	55	Triplevest	- 77,700	96.499	18.6
8	Witan		559.300	24.9	56	Schroder Global	. 77.101	98.132	21.4
7	Scottish Mortgage		491,949	24,5	57	Drayton Far Eastern	- 74.564	97.326	18.5
8	Scottish Investment		427.944	24.0	58	Electrical & General	70.545	95.368	26.0
10	Electra	316.368 307.948	404,179	21.7	50	Fieming Technology	70.219	86.241	18.6
	Fleming Far Eastern	276,208	363.143 356.198	20.4	60	Brunner	. 69.760	93.991	25.8
11 12	Scottish Eastern	261.888	349,416	21.9	61	Overseas	68.790	94.970	22.4
13	Govett International		327.798	25.1 20.8	62	Sphére	66.528	87.438	26.3
14	British Assets		331,392	22.4	63	New Tokyo		79.042	14.6
15	Fleming Mercantile		347.505	26.4	85	Law Debenture corp	64, 184	73.923	15.7
18	Angio & Overseas	244 415	317.035	22.9	66	F & C Small Cos	62,425	77.452	19.4
17	Whitbread		252,611	12.0	-67	St Andrew		71.581	13.2
18	Govett Strategic		305,543	24.3	68	Independent		75.759	20.8
. 19	Throgmorton Trust	233,530	313.419	19.0	. 69	- Fledgeling Japan	57.121	67.873	16.0
20	T R Trustees Group		269.048	13.9	70	Murray Ventures	54.797	74.412	16.1
21	Ensign		250.841	13.3	71	London Amer Vent		77.318	17.8
22	Fleming Overseas		274,773	22.7	72	Blotechnology	52,263	66.502	21.4
23	Investors Capital	209.046	241.529	13.5	73	Majedle	52.140 52.007	77.239	36.7
24	Murray International	208,094	267,790	22.3	74	British Empire Secs	54.007	74.493	30.3
25	Scottish American	196,775	261,247	24.7	75	B G Japan	51.872 51.871	66.602	17.9
26	Secs Trust of Scotland	168.168	205,649	18.2	76	Fleming Claverhouse	50.800	65.672	14.9
27	Monks	168,047	222,310	25.3	77	Meldrum	40 504	60.508	16.0 21.2
28	Fleming Japanese	165,201	195.915	15.7	78	Fleming Enterprise	48,400	62.951	19.2
29	Merchants	152,450	190,184	19.8	79	Abingworth	47 047	59.906	
30	Murray Income	151.322	186,961	18.1	80	M & G Duai Can	47 190	60.592	35.1 42.2
31	Drayton Consolidated	147.075	200,892	26.6	81	Dundse & London	47.040	61,998	
32	Continental & Indust	145.684	152,347	4.5	82	U.S.D.C.	43,975	60.099	21.5
33	F & C Pacific	143,417	192,762	18.0	83	Smaller Cos inter	43.236	58.223	24.5
34	Second Alliance	141,120	186,526	24.3	84	Edemal	43.235	52.879	17.1
35	T R City of London	140.549	167.248	16.0	68	Keystone	42.282	56.893	14.5
36	TR Property	134,784	153.536	12.2	96	Lowland	40.174	51.319	21.7
37	Reabum	125,739	148,338	15.2	87.	Investing in Success		42.660	10.3
38	Temple Bar	123.099	171.533	19.2	68	Shires	38.250	53.816	28.9
39	Northern American		163,832	25.5	88	T R Australia	36.934	73.263	4.2
40	First Scottish Amer	120,992	153,827	21.6	90	European Assets	36.344	42.077	13.5
41	Hambros	114.291	166,930	24.7	91	City & Commercial		54.186	25.4
42	Bankers	108,416	138.911	22.0	92	Hambros Adv Tech		48.021	26.2
43	American	104,727	126,603	17.3	93	T R Pacific		44.017	18.5
44	Govett Atlantile	103.739	131,500	21.1	94	Gartmore Information	35.512	42.818	16.7
45	Kleinwort Overseas	102.595	134,345	23.8	95	Fundinyeet		43.686	22.5
48	Romney	101,162	123,804	18.0	96	Lorano		38.811	14.1
47	Kleinwort Charter	100.451	128,715	22.0	97	Moorgate	32_154	31.403	-24
48	G T Japan	96.706	112.251	13.9	98	London Atlantic	29.431	38.864	24.3
49	Fleming Universal	93.350	122.107	23.8		London & Strathclyde	29.232	38,478	24.0
50	G 8 C Capital	88.051	94,322	11.0	99	Scottish & Merc	27,120	26,622	-0.5
60	G O C Capital	90.03	- 3€2	11.0	100	Yeoman Capital	27.083	36 696	26.4